

AMENDED IN SENATE MAY 30, 1996

AMENDED IN SENATE MAY 29, 1996

AMENDED IN ASSEMBLY JANUARY 22, 1996

AMENDED IN ASSEMBLY JANUARY 12, 1996

CALIFORNIA LEGISLATURE—1995–96 REGULAR SESSION

**ASSEMBLY BILL**

**No. 583**

**Introduced by Assembly Member Sher**

February 17, 1995

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An act *amend Section 16602 of the Business and Professions Code, to amend Section 15772 of, to add Chapter 5 (commencing with Section 16100) to, and to repeal Chapter 1 (commencing with Section 15001) of, Title 2, of the Corporations Code, and to amend Section 3940 of the Public Resources Code, relating to partnerships.*

LEGISLATIVE COUNSEL'S DIGEST

AB 583, as amended, Sher. Uniform Partnership Act of 1994.

Under existing law, partnerships are governed by the Uniform Partnership Act.

This bill would enact the Uniform Partnership Act of 1994, as specified, that would apply to partnerships formed on or after January 1, 1999.

This bill would provide that partnerships formed before January 1, 1999, are governed by the Uniform Partnership Act

of 1994, except as specified. This bill would make certain conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. *Section 16602 of the Business and*  
2 *Professions Code is amended to read:*

3 16602. (a) Any partner may, upon or in anticipation  
4 of ~~a dissolution of the partnership~~ *any of the*  
5 *circumstances described in subdivision (b)*, agree that he  
6 *or she* will not carry on a similar business within a  
7 specified county or counties, city or cities, or a part  
8 thereof, where the partnership business has been  
9 transacted, so long as any other member of the  
10 partnership, or any person deriving title to the business  
11 or its goodwill from any such other member of the  
12 partnership, carries on a like business therein.

13 (b) *Subdivision (a) applies to any of the following*  
14 *circumstances:*

15 (1) *A dissolution of the partnership.*

16 (2) *Dissociation of a partner from the partnership.*

17 (3) *A sale or other disposition of a partner's interest in*  
18 *a partnership.*

19 SEC. 1.2. Chapter 1 (commencing with Section  
20 15001) of Title 2 of the Corporations Code is repealed.

21 SEC. 1.5. Section 15722 of the Corporations Code is  
22 amended to read:

23 15722. In any case not provided for in this chapter,  
24 limited partnerships shall be governed in the same  
25 manner as general partnerships would be governed  
26 pursuant to Section 15292, by the Uniform Partnership  
27 Act (Chapter 1 (commencing with Section 15001)), or  
28 the Revised Uniform Partnership Act (Chapter 15  
29 (commencing with Section 15200)).

30 SEC. 2. Chapter 5 (commencing with Section 16100)  
31 is added to Title 2 of the Corporations Code, to read:  
32

CHAPTER 5. UNIFORM PARTNERSHIP ACT OF 1994

Article 1. General Provisions

16100. This chapter may be cited as the Uniform Partnership Act of 1994.

16101. As used in this chapter, the following terms and phrases have the following meanings:

(1) “Business” includes every trade, occupation, and profession.

(2) “Debtor in bankruptcy” means a person who is the subject of either of the following:

(A) An order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application.

(B) A comparable order under federal, state, or foreign law governing insolvency.

(3) “Distribution” means a transfer of money or other property from a partnership to a partner in the partner’s capacity as a partner or to the partner’s transferee.

(4) (a) “*Foreign limited liability partnership*” means a partnership, other than a limited partnership, formed pursuant to an agreement governed by the laws of another jurisdiction and denominated or registered as a limited liability partnership under the laws of that jurisdiction (A) in which each partner is a licensed person or a person licensed or authorized to provide professional limited liability partnership services in a jurisdiction or jurisdictions other than this state, (B) which is licensed under the laws of the state to engage in the practice of public accountancy or the practice of law, or (C) which (i) is related to a limited liability partnership that practices public accountancy or, to the extent permitted by this State Bar, practices law or is related to a foreign limited liability partnership and (ii) provides services related or complementary to the professional limited liability partnership services provided by, or provides services or facilities to, that limited liability partnership or foreign limited liability partnership.

1 (b) For the purposes of subparagraph (C) of  
2 paragraph (a), a partnership is related to a limited  
3 liability partnership or foreign limited liability  
4 partnership if (A) at least a majority of the partners in one  
5 partnership are also partners in the other partnership, or  
6 (B) at least a majority in interest in each partnership hold  
7 interests in or are members of another person, except an  
8 individual, and each partnership renders services  
9 pursuant to an agreement with that other person, or (C)  
10 one partnership, directly or indirectly through one or  
11 more intermediaries, controls, is controlled by, or is under  
12 common control with, the other partnership.

13 (5) “Licensed person” means any person who is duly  
14 licensed, authorized, or registered under the Business  
15 and Professions Code to provide professional limited  
16 liability partnership services or who is lawfully able to  
17 render professional limited liability partnership services  
18 in this state.

19 (6) (a) “Registered limited liability partnership”  
20 means a partnership, other than a limited partnership,  
21 formed pursuant to an agreement governed by Article 9.5  
22 (commencing with Section 16951), that is registered  
23 under Section 16953 and (A) each of the partners of  
24 which is a licensed person or a person licensed or  
25 authorized to provide professional limited liability  
26 partnership services in a jurisdiction or jurisdictions other  
27 than this state, (B) is licensed under the laws of the state  
28 to engage in the practice of public accountancy or the  
29 practice of law, or (C) (i) is related to a limited liability  
30 partnership that practices public accountancy or, to the  
31 extent permitted by the State Bar, practices law or is  
32 related to a foreign limited liability partnership and (ii)  
33 provides services related or complementary to the  
34 professional limited liability partnership services  
35 provided by, or provides services or facilities to, that  
36 limited liability partnership or foreign limited liability  
37 partnership.

38 (c) For the purposes of subparagraph (C) of  
39 paragraph (a), a partnership is related to a limited  
40 liability partnership or foreign limited liability

1 *partnership if (A) at least a majority of the partners in one*  
2 *partnership are also partners in the other partnership, or*  
3 *(B) at least a majority in interest in each partnership hold*  
4 *interests in or are members of another person, other than*  
5 *an individual, and each partnership renders services*  
6 *pursuant to an agreement with that other person, or (C)*  
7 *one partnership, directly or indirectly through one or*  
8 *more intermediaries, controls, is controlled by, or is under*  
9 *common control with, the other partnership.*

10 (7) “Partnership” means an association of two or more  
11 persons to carry on as coowners a business for profit  
12 formed under Section 16202, predecessor law, or  
13 comparable law of another jurisdiction, *and includes for*  
14 *all purposes of the laws of this state, a limited liability*  
15 *partnership.*

16 ~~(5)~~

17 (8) “Partnership agreement” means the agreement,  
18 whether written, oral, or implied, among the partners  
19 concerning the partnership, including amendments to  
20 the partnership agreement.

21 ~~(6)~~

22 (9) “Partnership at will” means a partnership in which  
23 the partners have not agreed to remain partners until the  
24 expiration of a definite term or the completion of a  
25 particular undertaking.

26 ~~(7)~~

27 (10) “Partnership interest” or “partner’s interest in  
28 the partnership” means all of a partner’s interests in the  
29 partnership, including the partner’s transferable interest  
30 and all management and other rights.

31 ~~(8)~~

32 (11) “Person” means an individual, corporation,  
33 *limited liability company*, business trust, estate, trust,  
34 partnership, limited partnership, *limited liability*  
35 *partnership*, association, joint venture, limited liability  
36 company, government, governmental subdivision,  
37 agency, or instrumentality, or any other legal or  
38 commercial entity.

39 ~~(9)~~

1 (12) “Professional limited liability partnership  
2 services” means the practice of public accountancy or the  
3 practice of law.

4 (13) “Property” means all property, real, personal, or  
5 mixed, tangible or intangible, or any interest therein.

6 ~~(10)~~

7 (14) “State” means a state of the United States, the  
8 District of Columbia, the Commonwealth of Puerto Rico,  
9 or any territory or insular possession subject to the  
10 jurisdiction of the United States.

11 ~~(11)~~

12 (15) “Statement” means a statement of partnership  
13 authority under Section 16303, a statement of denial  
14 under Section 16304, a statement of dissociation under  
15 Section 16704, a statement of dissolution under Section  
16 16805, a statement of conversion under Section 16902.6, a  
17 statement of merger under Section 16907, or an  
18 amendment or cancellation of any of the foregoing.

19 ~~(12)~~

20 (16) “Transfer” includes an assignment, conveyance,  
21 lease, mortgage, deed, and encumbrance.

22 16102. (a) A person knows a fact if the person has  
23 actual knowledge of it.

24 (b) A person has notice of a fact if any of the following  
25 apply:

26 (1) The person knows of it.

27 (2) The person has received a notification of it.

28 (3) The person has reason to know it exists from all of  
29 the facts known to the person at the time in question.

30 (c) A person notifies or gives a notification to another  
31 by taking steps reasonably required to inform the other  
32 person in ordinary course, whether or not the other  
33 person knows of it.

34 (d) A person receives a notification when either of the  
35 following apply:

36 (1) The person knows of the notification.

37 (2) The notification is duly delivered at the person’s  
38 place of business or at any other place held out by the  
39 person as a place for receiving communications.

1 (e) Except as otherwise provided in subdivision (f), a  
2 person other than an individual knows, has notice, or  
3 receives a notification of a fact for purposes of a particular  
4 transaction when the individual conducting the  
5 transaction knows, has notice, or receives a notification of  
6 the fact, or in any event when the fact would have been  
7 brought to the individual's attention if the person had  
8 exercised reasonable diligence. The person exercises  
9 reasonable diligence if it maintains reasonable routines  
10 for communicating significant information to the  
11 individual conducting the transaction and there is  
12 reasonable compliance with the routines. Reasonable  
13 diligence does not require an individual acting for the  
14 person to communicate information unless the  
15 communication is part of the individual's regular duties  
16 or the individual has reason to know of the transaction  
17 and that the transaction would be materially affected by  
18 the information.

19 (f) A partner's knowledge, notice, or receipt of a  
20 notification of a fact relating to the partnership is  
21 effective immediately as knowledge by, notice to, or  
22 receipt of a notification by the partnership, except in the  
23 case of a fraud on the partnership committed by or with  
24 the consent of that partner.

25 16103. (a) Except as otherwise provided in  
26 subdivision (b), relations among the partners and  
27 between the partners and the partnership are governed  
28 by the partnership agreement. To the extent the  
29 partnership agreement does not otherwise provide, this  
30 chapter governs relations among the partners and  
31 between the partners and the partnership.

32 (b) The partnership agreement may not do any of the  
33 following:

34 (1) Vary the rights and duties under Section 16105  
35 except to eliminate the duty to provide copies of  
36 statements to all of the partners.

37 (2) Unreasonably restrict the right of access to books  
38 and records under subdivision (b) of Section 16403, or the  
39 right to be furnished with information under subdivision  
40 (c) of Section 16403.

(3) Eliminate the duty of loyalty under subdivision (b) of Section 16404 or paragraph (3) of subdivision (b) of Section 16603, but, if not manifestly unreasonable, may do either of the following:

(A) The partnership agreement may identify specific types or categories of activities that do not violate the duty of loyalty.

(B) All of the partners or a number or percentage specified in the partnership agreement may authorize or ratify, after full disclosure of all material facts, a specific act or transaction that otherwise would violate the duty of loyalty.

(4) Unreasonably reduce the duty of care under subdivision (c) of Section 16404 or paragraph (3) of subdivision (b) of Section 16603.

(5) Eliminate the obligation of good faith and fair dealing under subdivision (d) of Section 16404, but the partnership agreement may prescribe the standards by which the performance of the obligation is to be measured, if the standards are not manifestly unreasonable.

(6) Vary the power to dissociate as a partner under subdivision (a) Section 16602, except to require the notice under paragraph (1) of Section 16601 to be in writing.

(7) Vary the right of a court to expel a partner in the events specified in paragraph (5) of Section 16601.

(8) Vary the requirement to wind up the partnership business in cases specified in paragraph (4), (5), or (6) of Section 16801.

(9) Restrict rights of third parties under this chapter.

*(10) Vary the law applicable to a limited liability partnership under subdivision (b) of Section 16106 or to a foreign limited liability partnership under Section 16958.*

16104. (a) Unless displaced by particular provisions of this chapter, the principles of law and equity supplement this chapter.



1 (b) If an obligation to pay interest arises under this  
2 chapter and the rate is not specified, the rate is that  
3 specified in Section 3289 of the Civil Code.

4 16105. (a) A statement may be filed in the office of  
5 the Secretary of State. A certified copy of a statement that  
6 is filed in an office in another state may be filed in the  
7 office of the Secretary of State. Either filing has the effect  
8 provided in this chapter with respect to partnership  
9 property located in or transactions that occur in this state.

10 (b) A certified copy of a statement that has been filed  
11 in the office of the Secretary of State and recorded in the  
12 office for recording transfers of real property has the  
13 effect provided for recorded statements in this chapter.  
14 A recorded statement that is not a certified copy of a  
15 statement filed in the office of the Secretary of State does  
16 not have the effect provided for recorded statements in  
17 this chapter.

18 (c) A statement filed by a partnership shall be  
19 executed by at least two partners. Other statements shall  
20 be executed by a partner or other person authorized by  
21 this chapter. An individual who executes a statement as,  
22 or on behalf of, a partner or other person named as a  
23 partner in a statement shall personally declare under  
24 penalty of perjury that the contents of the statement are  
25 accurate.

26 (d) A person authorized by this chapter to file a  
27 statement may amend or cancel the statement by filing  
28 an amendment or cancellation that names the  
29 partnership, identifies the statement, and states the  
30 substance of the amendment or cancellation.

31 (e) A person who files a statement pursuant to this  
32 section shall promptly send a copy of the statement to  
33 every nonfiling partner and to any other person named  
34 as a partner in the statement. Failure to send a copy of a  
35 statement to a partner or other person does not limit the  
36 effectiveness of the statement as to a person not a partner.

37 (f) The Secretary of State may collect a fee for filing  
38 or providing a certified copy of a statement. The officer  
39 responsible for recording transfers of real property may  
40 collect a fee for recording a statement.

1 16106. ~~The~~ (a) *Except as otherwise provided in*  
2 *subdivision (b), the law of the jurisdiction in which a*  
3 *partnership has its chief executive office governs*  
4 *relations among the partners and between the partners*  
5 *and the partnership.*

6 (b) *With respect to a limited liability partnership the*  
7 *law of this state shall govern relations among the partners*  
8 *and between the partners and the partnership, and the*  
9 *liability of partners for obligations of the partnership.*

10 16107. A partnership governed by this chapter is  
11 subject to any amendment to or repeal of this chapter.

12 16108. This chapter shall be applied and construed to  
13 effectuate its general purpose to make uniform the law  
14 with respect to the subject of this chapter among states  
15 enacting it.

16 16109. *The rights and duties of surviving partners, the*  
17 *legal representatives of deceased partners, the creditors*  
18 *of such partners, and the creditors of the partnership*  
19 *created by or defined in this chapter shall be given full*  
20 *force and effect notwithstanding any inconsistent*  
21 *provisions of the Probate Code, but nothing in this*  
22 *chapter shall otherwise affect any provision of the*  
23 *Probate Code.*

24 16110. If any provision of this chapter or its  
25 application to any person or circumstance is held invalid,  
26 the invalidity does not affect other provisions or  
27 applications of this chapter that can be given effect  
28 without the invalid provision or application, and to this  
29 end the provisions of this chapter are severable.

30 ~~16110.—~~

31 16111. (a) Before January 1, 1999, this chapter  
32 governs only a partnership formed ~~to which both of the~~  
33 ~~following apply:~~

34 ~~(1) The partnership was formed (1) on or after the~~  
35 ~~effective date of this chapter, unless that partnership is~~  
36 ~~continuing the business of a dissolved partnership under~~  
37 ~~Section 15041:~~

38 ~~(2) The partnership, before the effective date of this~~  
39 ~~chapter, elects, as provided by subdivision (c), to be, or~~  
40 (2) *before the effective date of this chapter if that*

1 *partnership elects, in the manner provided in its*  
2 *partnership agreement or by law for amending the*  
3 *partnership agreement, to be governed by this chapter.*

4 (b) On and after January 1, 1999, this chapter governs  
5 all partnerships.

6 ~~(c) Before January 1, 1999, a partnership voluntarily~~  
7 ~~may elect, in the manner provided in its partnership~~  
8 ~~agreement or by law for amending the partnership~~  
9 ~~agreement, to be governed by this chapter.~~

10 (c) The provisions of this chapter relating to the  
11 liability of the partnership's partners to third parties  
12 apply to limit those partners' liability to a third party who  
13 had done business with the partnership within one year  
14 preceding the partnership's election to be governed by  
15 this chapter, only if the third party knows or has received  
16 a notification of the partnership's election to be governed  
17 by this chapter.

18 ~~16111.—~~

19 16112. This chapter does not affect an action or  
20 proceeding commenced or right accrued before this  
21 chapter takes effect.

## 22 Article 2. Nature of Partnership

23  
24 16201. A partnership is an entity distinct from its  
25 partners.

26 16202. (a) Except as otherwise provided in  
27 subdivision (b), the association of two or more persons to  
28 carry on as coowners a business for profit forms a  
29 partnership, whether or not the persons intend to form a  
30 partnership, whether or not the persons intend to form a  
31 partnership.

32 (b) An association formed under a statute other than  
33 this chapter, a predecessor statute, or a comparable  
34 statute of another jurisdiction is not a partnership under  
35 this chapter.

36 (c) In determining whether a partnership is formed,  
37 the following rules apply:

38 (1) Joint tenancy, tenancy in common, tenancy by the  
39 entireties, joint property, common property, or part  
40 ownership does not by itself establish a partnership, even

1 if the coowners share profits made by the use of the  
2 property.

3 (2) The sharing of gross returns does not by itself  
4 establish a partnership, even if the persons sharing them  
5 have a joint or common right or interest in property from  
6 which the returns are derived.

7 (3) A person who receives a share of the profits of a  
8 business is presumed to be a partner in the business,  
9 unless the profits were received for any of the following  
10 reasons:

11 (A) In payment of a debt by installments or otherwise.

12 (B) In payment for services as an independent  
13 contractor or of wages or other compensation to an  
14 employee.

15 (C) In payment of rent.

16 (D) In payment of an annuity or other retirement  
17 benefit to a beneficiary, representative, or designee of a  
18 deceased or retired partner.

19 (E) In payment of interest or other charge on a loan,  
20 even if the amount of payment varies with the profits of  
21 the business, including a direct or indirect present or  
22 future ownership of the collateral, or rights to income,  
23 proceeds, or increase in value derived from the collateral.

24 (F) In payment for the sale of the goodwill of a  
25 business or other property by installments or otherwise.

26 16203. Property acquired by a partnership is property  
27 of the partnership and not of the partners individually.

28 16204. (a) Property is partnership property if  
29 acquired in the name of either of the following:

30 (1) The partnership.

31 (2) One or more partners with an indication in the  
32 instrument transferring title to the property of the  
33 person's capacity as a partner or of the existence of a  
34 partnership but without an indication of the name of the  
35 partnership.

36 (b) Property is acquired in the name of the  
37 partnership by a transfer to either of the following:

38 (1) The partnership in its name.

39 (2) One or more partners in their capacity as partners  
40 in the partnership, if the name of the partnership is

1 indicated in the instrument transferring title to the  
2 property.

3 (c) Property is presumed to be partnership property  
4 if purchased with partnership assets, even if not acquired  
5 in the name of the partnership or of one or more partners  
6 with an indication in the instrument transferring title to  
7 the property of the person's capacity as a partner or of the  
8 existence of a partnership.

9 (d) Property acquired in the name of one or more of  
10 the partners, without an indication in the instrument  
11 transferring title to the property of the person's capacity  
12 as a partner or of the existence of a partnership and  
13 without use of partnership assets, is presumed to be  
14 separate property, even if used for partnership purposes.

15

16 Article 3. Relations of Partners to Persons Dealing  
17 with Partnership  
18

19 16301. Subject to the effect of a statement of  
20 partnership authority under Section 16303 both of the  
21 following apply:

22 (1) Each partner is an agent of the partnership for the  
23 purpose of its business. An act of a partner, including the  
24 execution of an instrument in the partnership name, for  
25 apparently carrying on in the ordinary course the  
26 partnership business or business of the kind carried on by  
27 the partnership binds the partnership, unless the partner  
28 had no authority to act for the partnership in the  
29 particular matter and the person with whom the partner  
30 was dealing knew or had received a notification that the  
31 partner lacked authority.

32 (2) An act of a partner that is not apparently for  
33 carrying on in the ordinary course the partnership  
34 business or business of the kind carried on by the  
35 partnership binds the partnership only if the act was  
36 authorized by the other partners.

37 16302. (a) Partnership property may be transferred  
38 as follows:

39 (1) Subject to the effect of a statement of partnership  
40 authority under Section 16303, partnership property held

1 in the name of the partnership may be transferred by an  
2 instrument of transfer executed by a partner in the  
3 partnership name.

4 (2) Partnership property held in the name of one or  
5 more partners with an indication in the instrument  
6 transferring the property to them of their capacity as  
7 partners or of the existence of a partnership, but without  
8 an indication of the name of the partnership, may be  
9 transferred by an instrument of transfer executed by the  
10 persons in whose name the property is held.

11 (3) Partnership property held in the name of one or  
12 more persons other than the partnership, without an  
13 indication in the instrument transferring the property to  
14 them of their capacity as partners or of the existence of  
15 a partnership, may be transferred by an instrument of  
16 transfer executed by the persons in whose name the  
17 property is held.

18 (b) A partnership may recover partnership property  
19 from a transferee only if it proves that execution of the  
20 instrument of initial transfer did not bind the partnership  
21 under Section 16301 and either of the following applies:

22 (1) As to a subsequent transferee who gave value for  
23 property transferred under paragraph (1) or (2) of  
24 subdivision (a), proves that the subsequent transferee  
25 knew or had received a notification that the person who  
26 executed the instrument of initial transfer lacked  
27 authority to bind the partnership.

28 (2) As to a transferee who gave value for property  
29 transferred under paragraph (3) of subdivision (a),  
30 proves that the transferee knew or had received a  
31 notification that the property was partnership property  
32 and that the person who executed the instrument of  
33 initial transfer lacked authority to bind the partnership.

34 (c) A partnership may not recover partnership  
35 property from a subsequent transferee if the partnership  
36 would not have been entitled to recover the property,  
37 under subdivision (b), from any earlier transferee of the  
38 property.

39 (d) If a person holds all of the partners' interests in the  
40 partnership, all of the partnership property vests in that

1 person. The person may execute a document in the name  
2 of the partnership to evidence vesting of the property in  
3 that person and may file or record the document.

4 16303. (a) A partnership may file a statement of  
5 partnership authority, which is subject to all of the  
6 following:

7 (1) The statement shall include all of the following:

8 (A) The name of the partnership.

9 (B) The street address of its chief executive office and  
10 of one office in this state, if there is one.

11 (C) The names and mailing addresses of all of the  
12 partners or of an agent appointed and maintained by the  
13 partnership for the purpose of subdivision (b).

14 (D) The names of the partners authorized to execute  
15 an instrument transferring real property held in the  
16 name of the partnership.

17 (2) The statement may specify the authority, or  
18 limitations on the authority, of some or all of the partners  
19 to enter into other transactions on behalf of the  
20 partnership and any other matter.

21 (b) If a statement of partnership authority names an  
22 agent, the agent shall maintain a list of the names and  
23 mailing addresses of all of the partners and make it  
24 available to any person on request for good cause shown.

25 (c) If a filed statement of partnership authority is  
26 executed pursuant to subdivision (c) of Section 16105 and  
27 states the name of the partnership but does not contain  
28 all of the other information required by subdivision (a),  
29 the statement nevertheless operates with respect to a  
30 person not a partner as provided in subdivisions (d) and  
31 (e).

32 (d) A filed statement of partnership authority  
33 supplements the authority of a partner to enter into  
34 transactions on behalf of the partnership as follows:

35 (1) Except for transfers of real property, a grant of  
36 authority contained in a filed statement of partnership  
37 authority is conclusive in favor of a person who gives  
38 value without knowledge to the contrary, so long as and  
39 to the extent that a limitation on that authority is not then  
40 contained in another filed statement. A filed cancellation

1 of a limitation on authority revives the previous grant of  
2 authority.

3 (2) A grant of authority to transfer real property held  
4 in the name of the partnership contained in a certified  
5 copy of a filed statement of partnership authority  
6 recorded in the office for recording transfers of that real  
7 property is conclusive in favor of a person who gives value  
8 without knowledge to the contrary, so long as and to the  
9 extent that a certified copy of a filed statement containing  
10 a limitation on that authority is not then of record in the  
11 office for recording transfers of that real property. The  
12 recording in the office for recording transfers of that real  
13 property of a certified copy of a filed cancellation of a  
14 limitation on authority revives the previous grant of  
15 authority.

16 (e) A person not a partner is deemed to know of a  
17 limitation on the authority of a partner to transfer real  
18 property held in the name of the partnership if a certified  
19 copy of the filed statement containing the limitation on  
20 authority is of record in the office for recording transfers  
21 of that real property.

22 (f) Except as otherwise provided in subdivisions (d)  
23 and (e) and Sections 16704 and 16805, a person not a  
24 partner is not deemed to know of a limitation on the  
25 authority of a partner merely because the limitation is  
26 contained in a filed statement.

27 16304. A partner or other person named as a partner  
28 in a filed statement of partnership authority or in a list  
29 maintained by an agent pursuant to subdivision (b) of  
30 Section 16303 may file a statement of denial stating the  
31 name of the partnership and the fact that is being denied,  
32 that may include denial of a person's authority or status  
33 as a partner. A statement of denial is a limitation on  
34 authority as provided in subdivisions (d) and (e) of  
35 Section 16303.

36 16305. (a) A partnership is liable for loss or injury  
37 caused to a person, or for a penalty incurred, as a result  
38 of a wrongful act or omission, or other actionable conduct,  
39 of a partner acting in the ordinary course of business of  
40 the partnership or with authority of the partnership.





(b) If, in the course of the partnership's business or while acting with authority of the partnership, a partner receives or causes the partnership to receive money or property of a person not a partner, and the money or property is misapplied by a partner, the partnership is liable for the loss.

16306. (a) Except as otherwise provided in ~~subdivision (b)~~ subdivisions (b) and (c), all partners are liable jointly and severally for all obligations of the partnership unless otherwise agreed by the claimant or provided by law.

(b) A person admitted as a partner into an existing partnership is not personally liable for any partnership obligation incurred before the person's admission as a partner.

(c) *Subject to subdivisions (d), (e), (f), and (h), a partner in a limited liability partnership is not liable or accountable, directly or indirectly, including by way of indemnification, contribution, assessment, or otherwise, for debts, obligations, or liabilities of or chargeable to the partnership or another partner in the partnership, whether arising in tort, contract, or otherwise, that are incurred, created, or assumed by the partnership while the partnership is a limited liability partnership, by reason of being a partner or acting in the conduct of the business or activities of the partnership.*

(d) *Notwithstanding subdivision (c), all or certain specified partners of a limited liability partnership, if the specified partners agree, may be liable in their capacity as partners for all or specified debts, obligations, or liabilities of the limited liability partnership if the partners possessing a majority of the interests of the partnership in the current profits of the partnership (or a different vote as may be required in the partnership agreement) specifically agreed in writing, prior to the debts, obligations, or liability being incurred. Notwithstanding the foregoing, an agreement pursuant to which less than all partners would be so liable shall not be effective unless agreed in writing by all such partners. A specific agreement binding all or certain specified*

1 *partners may be modified or revoked if the partners*  
2 *possessing a majority of the interests of the partners in the*  
3 *current profits of the partnership, or a different vote as*  
4 *may be required in the partnership agreement, and all*  
5 *such specified partners, if any, agree to the modification*  
6 *or revocation in writing; provided, however, that a*  
7 *modification or revocation shall not affect the liability of*  
8 *a partner for any debts, obligations, or liabilities of a*  
9 *limited liability partnership incurred, created, or*  
10 *assumed by the limited liability partnership prior to the*  
11 *modification or revocation.*

12 *(e) Nothing in subdivision (c) shall be construed to*  
13 *affect the liability of a partner of a limited liability*  
14 *partnership to third parties for that partner's tortious*  
15 *conduct.*

16 *(f) The limitations of liability in subdivision (c) shall*  
17 *not apply to claims based upon acts, errors, or omissions*  
18 *arising out of the rendering of professional limited*  
19 *liability partnership services of a limited liability*  
20 *partnership providing legal services unless that*  
21 *partnership has a currently effective certificate of*  
22 *registration issued by the State Bar.*

23 *(g) A partner in a limited liability partnership is not a*  
24 *proper party to a proceeding by or against a limited*  
25 *liability partnership in which personal liability for*  
26 *partnership debts, obligations, or liabilities is asserted*  
27 *against the partner, unless that partner is personally liable*  
28 *under subdivision (d) or (e).*

29 *(h) Nothing in this section shall affect or impair the*  
30 *ability of a partner to act as a guarantor or surety for,*  
31 *provide collateral for or otherwise be liable for, the debts,*  
32 *obligations, or liabilities of a limited liability partnership.*

33 16307. (a) A partnership may sue and be sued in the  
34 name of the partnership.

35 (b) ~~An~~ Except as otherwise provided in subdivision  
36 (g) of Section 16306, an action may be brought against the  
37 partnership and any or all of the partners in the same  
38 action or in separate actions.

39 (c) A judgment against a partnership is not by itself a  
40 judgment against a partner. A judgment against a

1 partnership may not be satisfied from a partner's assets  
2 unless there is also a judgment against the partner.

3 (d) A judgment creditor of a partner may not levy  
4 execution against the assets of the partner to satisfy a  
5 judgment based on a claim against the partnership unless  
6 any of the following apply:

7 (1) A judgment based on the same claim has been  
8 obtained against the partnership and a writ of execution  
9 on the judgment has been returned unsatisfied in whole  
10 or in part.

11 (2) The partnership is a debtor in bankruptcy.

12 (3) The partner has agreed that the creditor need not  
13 exhaust partnership assets.

14 (4) A court grants permission to the judgment creditor  
15 to levy execution against the assets of a partner based on  
16 a finding that partnership assets subject to execution are  
17 clearly insufficient to satisfy the judgment, that  
18 exhaustion of partnership assets is excessively  
19 burdensome, or that the grant of permission is an  
20 appropriate exercise of the court's equitable powers.

21 (5) Liability is imposed on the partner by law or  
22 contract independent of the existence of the partnership.

23 (e) This section applies to any partnership liability or  
24 obligation resulting from a representation by a partner or  
25 purported partner under Section 16308.

26 16308. ~~(a)~~ *Except as otherwise provided in Section*  
27 *16306:*

28 (a) If a person, by words or conduct, purports to be a  
29 partner, or consents to being represented by another as  
30 a partner, in a partnership or with one or more persons  
31 not partners, the purported partner is liable to a person  
32 to whom the representation is made, if that person,  
33 relying on the representation, enters into a transaction  
34 with the actual or purported partnership. If the  
35 representation, either by the purported partner or by a  
36 person with the purported partner's consent, is made in  
37 a public manner, the purported partner is liable to a  
38 person who relies upon the purported partnership even  
39 if the purported partner is not aware of being held out as  
40 a partner to the claimant. If partnership liability results,

1 the purported partner is liable with respect to that  
2 liability as if the purported partner were a partner. If no  
3 partnership liability results, the purported partner is  
4 liable with respect to that liability jointly and severally  
5 with any other person consenting to the representation.

6 (b) If a person is thus represented to be a partner in  
7 an existing partnership, or with one or more persons not  
8 partners, the purported partner is an agent of persons  
9 consenting to the representation to bind them to the  
10 same extent and in the same manner as if the purported  
11 partner were a partner, with respect to persons who enter  
12 into transactions in reliance upon the representation. If  
13 all of the partners of the existing partnership consent to  
14 the representation, a partnership act or obligation results.  
15 If fewer than all of the partners of the existing partnership  
16 consent to the representation, the person acting and the  
17 partners consenting to the representation are jointly and  
18 severally liable.

19 (c) A person is not liable as a partner merely because  
20 the person is named by another in a statement of  
21 partnership authority.

22 (d) A person does not continue to be liable as a partner  
23 merely because of a failure to file a statement of  
24 dissociation or to amend a statement of partnership  
25 authority to indicate the partner's dissociation from the  
26 partnership.

27 (e) Except as otherwise provided in subdivisions (a)  
28 and (b), persons who are not partners as to each other are  
29 not liable as partners to other persons.

30  
31 Article 4. Relations of Partners to Each Other and to  
32 Partnership  
33

34 16401. (a) Each partner is deemed to have an  
35 account that is subject to both of the following:

36 (1) Credited with an amount equal to the money plus  
37 the value of any other property, net of the amount of any  
38 liabilities, the partner contributes to the partnership and  
39 the partner's share of the partnership profits.

1 (2) Charged with an amount equal to the money plus  
2 the value of any other property, net of the amount of any  
3 liabilities, distributed by the partnership to the partner  
4 and, *except as otherwise provided in Section 16306*, the  
5 partner's share of the partnership losses.

6 (b) Each partner is entitled to an equal share of the  
7 partnership profits and is chargeable with a share of the  
8 partnership losses in proportion to the partner's share of  
9 the profits.

10 (c) A partnership shall reimburse a partner for  
11 payments made and indemnify a partner for liabilities  
12 incurred by the partner in the ordinary course of the  
13 business of the partnership or for the preservation of its  
14 business or property.

15 (d) A partnership shall reimburse a partner for an  
16 advance to the partnership beyond the amount of capital  
17 the partner agreed to contribute.

18 (e) A payment or advance made by a partner that  
19 gives rise to a partnership obligation under subdivision  
20 (c) or (d) constitutes a loan to the partnership that  
21 accrues interest from the date of the payment or advance.

22 (f) Each partner has equal rights in the management  
23 and conduct of the partnership business.

24 (g) A partner may use or possess partnership property  
25 only on behalf of the partnership.

26 (h) A partner is not entitled to remuneration for  
27 services performed for the partnership, except for  
28 reasonable compensation for services rendered in  
29 winding up the business of the partnership.

30 (i) A person may become a partner only with the  
31 consent of all of the partners.

32 (j) A difference arising as to a matter in the ordinary  
33 course of business of a partnership may be decided by a  
34 majority of the partners. An act outside the ordinary  
35 course of business of a partnership and an amendment to  
36 the partnership agreement may be undertaken only with  
37 the consent of all of the partners.

38 (k) This section does not affect the obligations of a  
39 partnership to other persons under Section 16301.

1 16402. A partner has no right to receive, and may not  
2 be required to accept, a distribution in kind.

3 16403. (a) A partnership shall keep its books and  
4 records, if any, at its chief executive office.

5 (b) A partnership shall provide partners and their  
6 agents and attorneys access to its books and records. It  
7 shall provide former partners and their agents and  
8 attorneys access to books and records pertaining to the  
9 period during which they were partners. The right of  
10 access provides the opportunity to inspect and copy books  
11 and records during ordinary business hours. A  
12 partnership may impose a reasonable charge, covering  
13 the costs of labor and material, for copies of documents  
14 furnished.

15 (c) Each partner and the partnership shall furnish to  
16 a partner, and to the legal representative of a deceased  
17 partner or partner under legal disability, both of the  
18 following:

19 (1) Without demand, any information concerning the  
20 partnership's business and affairs reasonably required for  
21 the proper exercise of the partner's rights and duties  
22 under the partnership agreement or this chapter; and

23 (2) On demand, any other information concerning the  
24 partnership's business and affairs, except to the extent the  
25 demand or the information demanded is unreasonable or  
26 otherwise improper under the circumstances.

27 16404. (a) The fiduciary duties a partner owes to the  
28 partnership and the other partners are the duty of loyalty  
29 and the duty of care set forth in subdivisions (b) and (c).

30 (b) A partner's duty of loyalty to the partnership and  
31 the other partners includes all of the following:

32 (1) To account to the partnership and hold as trustee  
33 for it any property, profit, or benefit derived by the  
34 partner in the conduct and winding up of the partnership  
35 business or derived from a use by the partner of  
36 partnership property or information, including the  
37 appropriation of a partnership opportunity.

38 (2) To refrain from dealing with the partnership in the  
39 conduct or winding up of the partnership business as or



1 on behalf of a party having an interest adverse to the  
2 partnership.

3 (3) To refrain from competing with the partnership in  
4 the conduct of the partnership business before the  
5 dissolution of the partnership.

6 (c) A partner's duty of care to the partnership and the  
7 other partners in the conduct and winding up of the  
8 partnership business is limited to refraining from  
9 engaging in grossly negligent or reckless conduct,  
10 intentional misconduct, or a knowing violation of law.

11 (d) A partner shall discharge the duties to the  
12 partnership and the other partners under this chapter or  
13 under the partnership agreement and exercise any rights  
14 consistently with the obligation of good faith and fair  
15 dealing.

16 (e) A partner does not violate a duty or obligation  
17 under this chapter or under the partnership agreement  
18 merely because the partner's conduct furthers the  
19 partner's own interest.

20 (f) A partner may lend money to and transact other  
21 business with the partnership, and as to each loan or  
22 transaction, the rights and obligations of the partner  
23 regarding performance or enforcement are the same as  
24 those of a person who is not a partner, subject to other  
25 applicable law.

26 (g) This section applies to a person winding up the  
27 partnership business as the personal or legal  
28 representative of the last surviving partner as if the  
29 person were a partner.

30 16405. (a) A partnership may maintain an action  
31 against a partner for a breach of the partnership  
32 agreement, or for the violation of a duty to the  
33 partnership, causing harm to the partnership.

34 (b) A partner may maintain an action against the  
35 partnership or another partner for legal or equitable  
36 relief, with or without an accounting as to partnership  
37 business, to do any of the following:

38 (1) Enforce the partner's rights under the partnership  
39 agreement.

(2) Enforce the partner's rights under this chapter, including all of the following:

(A) The partner's rights under Section 16401, 16403, or 16404.

(B) The partner's right on dissociation to have the partner's interest in the partnership purchased pursuant to Section 16701 or 16701.5, or to enforce any other right under Article 6 (commencing with Section 16601) or 7 (commencing with Section 16701).

(C) The partner's right to compel a dissolution and winding up of the partnership business under Section 16801 or enforce any other right under Article 8 (commencing with Section 16801).

(3) Enforce the rights and otherwise protect the interests of the partner, including rights and interests arising independently of the partnership relationship.

(c) The accrual of, and any time limitation on, a right of action for a remedy under this section is governed by other law. A right to an accounting upon a dissolution and winding up does not revive a claim barred by law.

16406. (a) If a partnership for a definite term or particular undertaking is continued, without an express agreement, after the expiration of the term or completion of the undertaking, the rights and duties of the partners remain the same as they were at the expiration or completion, so far as is consistent with a partnership at will.

(b) If the partners, or those of them who habitually acted in the business during the term or undertaking, continue the business without any settlement or liquidation of the partnership, they are presumed to have agreed that the partnership will continue.

#### Article 5. Transferees and Creditors of Partner

16501. A partner is not a coowner of partnership property and has no interest in partnership property that can be transferred, either voluntarily or involuntarily.

16502. The only transferable interest of a partner in the partnership is the partner's share of the profits and



1 losses of the partnership and the partner's right to receive  
2 distributions. The interest is personal property.

3 16503. (a) A transfer, in whole or in part, of a  
4 partner's transferable interest in the partnership is  
5 permissible. However, a transfer does not do either of the  
6 following:

7 (1) By itself cause the partner's dissociation or a  
8 dissolution and winding up of the partnership business.

9 (2) As against the other partners or the partnership,  
10 entitle the transferee, during the continuance of the  
11 partnership, to participate in the management or  
12 conduct of the partnership business, to require access to  
13 information concerning partnership transactions, or to  
14 inspect or copy the partnership books or records.

15 (b) A transferee of a partner's transferable interest in  
16 the partnership has a right to all of the following:

17 (1) To receive, in accordance with the transfer,  
18 distributions to which the transferor would otherwise be  
19 entitled.

20 (2) To receive upon the dissolution and winding up of  
21 the partnership business, in accordance with the transfer,  
22 the net amount otherwise distributable to the transferor.

23 (3) To seek under paragraph (6) of Section 16801 a  
24 judicial determination that it is equitable to wind up the  
25 partnership business.

26 (c) In a dissolution and winding up, a transferee is  
27 entitled to an account of partnership transactions only  
28 from the date of the latest account agreed to by all of the  
29 partners.

30 (d) Upon transfer, the transferor retains the rights and  
31 duties of a partner other than the interest in distributions  
32 transferred.

33 (e) A partnership need not give effect to a transferee's  
34 rights under this section until it has notice of the transfer.

35 (f) A transfer of a partner's transferable interest in the  
36 partnership in violation of a restriction on transfer  
37 contained in the partnership agreement is ineffective as  
38 to a person having notice of the restriction at the time of  
39 transfer.

1 16504. (a) On application by a judgment creditor of  
2 a partner or of a partner's transferee, a court having  
3 jurisdiction may charge the transferable interest of the  
4 judgment debtor to satisfy the judgment. The court may  
5 appoint a receiver of the share of the distributions due or  
6 to become due to the judgment debtor in respect of the  
7 partnership and make all other orders, directions,  
8 accounts, and inquiries the judgment debtor might have  
9 made or that the circumstances of the case may require.

10 (b) A charging order constitutes a lien on the  
11 judgment debtor's transferable interest in the  
12 partnership. The court may order a foreclosure of the  
13 interest subject to the charging order at any time. The  
14 purchaser at the foreclosure sale has the rights of a  
15 transferee.

16 (c) At any time before foreclosure, an interest charged  
17 may be redeemed in any of the following manners:

18 (1) By the judgment debtor.

19 (2) With property other than partnership property, by  
20 one or more of the other partners.

21 (3) With partnership property, by one or more of the  
22 other partners with the consent of all of the partners  
23 whose interests are not so charged.

24 (d) This chapter does not deprive a partner of a right  
25 under exemption laws with respect to the partner's  
26 interest in the partnership.

27 (e) This section provides the exclusive remedy by  
28 which a judgment creditor of a partner or partner's  
29 transferee may satisfy a judgment out of the judgment  
30 debtor's transferable interest in the partnership.

#### 31 32 Article 6. Partner's Dissociation

33  
34 16601. A partner is dissociated from a partnership  
35 upon the occurrence of any of the following events:

36 (1) The partnership's having notice of the partner's  
37 express will to withdraw as a partner or on a later date  
38 specified by the partner.

39 (2) An event agreed to in the partnership agreement  
40 as causing the partner's dissociation.

1 (3) The partner's expulsion pursuant to the  
2 partnership agreement.

3 (4) The partner's expulsion by the unanimous vote of  
4 the other partners if any of the following apply:

5 (A) It is unlawful to carry on the partnership business  
6 with that partner.

7 (B) There has been a transfer of all or substantially all  
8 of that partner's transferable interest in the partnership,  
9 other than a transfer for security purposes, or a court  
10 order charging the partner's interest, that has not been  
11 foreclosed.

12 (C) Within 90 days after the partnership notifies a  
13 corporate partner that it will be expelled because it has  
14 filed a certificate of dissolution or the equivalent, its  
15 charter has been revoked, or its right to conduct business  
16 has been suspended by the jurisdiction of its  
17 incorporation, there is no revocation of the certificate of  
18 dissolution or no reinstatement of its charter or its right  
19 to conduct business.

20 (D) A partnership, limited partnership, or limited  
21 liability company that is a partner has been dissolved and  
22 its business is being wound up.

23 (5) On application by the partnership or another  
24 partner, the partner's expulsion by judicial determination  
25 because of any of the following:

26 (A) The partner engaged in wrongful conduct that  
27 adversely and materially affected the partnership  
28 business.

29 (B) The partner willfully or persistently committed a  
30 material breach of the partnership agreement or of a duty  
31 owed to the partnership or the other partners under  
32 Section 16404.

33 (C) The partner engaged in conduct relating to the  
34 partnership business that makes it not reasonably  
35 practicable to carry on the business in partnership with  
36 the partner.

37 (6) The partner's act or failure to act in any of the  
38 following instances:

39 (A) By becoming a debtor in bankruptcy.

1 (B) By executing an assignment for the benefit of  
2 creditors.

3 (C) By seeking, consenting to, or acquiescing in the  
4 appointment of a trustee, receiver, or liquidator of that  
5 partner or of all or substantially all of that partner's  
6 property.

7 (D) By failing, within 90 days after the appointment,  
8 to have vacated or stayed the appointment of a trustee,  
9 receiver, or liquidator of the partner or of all or  
10 substantially all of the partner's property obtained  
11 without the partner's consent or acquiescence, or failing  
12 within 90 days after the expiration of a stay to have the  
13 appointment vacated.

14 (7) In the case of a partner who is an individual, by any  
15 of the following:

16 (A) The partner's death.

17 (B) The appointment of a guardian or general  
18 conservator for the partner.

19 (C) A judicial determination that the partner has  
20 otherwise become incapable of performing the partner's  
21 duties under the partnership agreement.

22 (8) In the case of a partner that is a trust or is acting as  
23 a partner by virtue of being a trustee of a trust,  
24 distribution of the trust's entire transferable interest in  
25 the partnership, but not merely by reason of the  
26 substitution of a successor trustee.

27 (9) In the case of a partner that is an estate or is acting  
28 as a partner by virtue of being a personal representative  
29 of an estate, distribution of the estate's entire transferable  
30 interest in the partnership, but not merely by reason of  
31 the substitution of a successor personal representative.

32 (10) Termination of a partner who is not an individual,  
33 partnership, corporation, trust, or estate.

34 16602. (a) A partner has the power to dissociate at  
35 any time, rightfully or wrongfully, by express will  
36 pursuant to paragraph (1) of Section 16601.

37 (b) A partner's dissociation is wrongful only if any of  
38 the following apply:

39 (1) It is in breach of an express provision of the  
40 partnership agreement.



(2) In the case of a partnership for a definite term or particular undertaking, before the expiration of the term or the completion of the undertaking if any of the following apply:

(A) The partner withdraws by express will, unless the withdrawal follows within 90 days after another partner's dissociation by death or otherwise under paragraphs (6) to (10), inclusive, of Section 16601 or wrongful dissociation under this subdivision.

(B) The partner is expelled by judicial determination under paragraph (5) of Section 16601.

(C) The partner is dissociated by becoming a debtor in bankruptcy.

(D) In the case of a partner who is not an individual, trust other than a business trust, or estate, the partner is expelled or otherwise dissociated because it willfully dissolved or terminated.

(c) A partner who wrongfully dissociates is liable to the partnership and to the other partners for damages caused by the dissociation. The liability is in addition to any other obligation of the partner to the partnership or to the other partners.

16603. Upon a partner's dissociation, all of the following apply:

(1) The partner's right to participate in the management and conduct of the partnership business terminates.

(2) The partner's duty of loyalty under paragraph (3) of subdivision (b) of Section 16404 terminates.

(3) The partner's duty of loyalty under paragraphs (1) and (2) of subdivision (b) of Section 16404 and duty of care under subdivision (c) of Section 16404 continue only with regard to matters arising and events occurring before the partner's dissociation.

#### Article 7. Partner's Dissociation When Business Not Wound Up

16701. Except as provided in Section 16701.5, all of the following shall apply:

1 (a) If a partner is dissociated from a partnership, the  
2 partnership shall cause the dissociated partner's interest  
3 in the partnership to be purchased for a buyout price  
4 determined pursuant to subdivision (b).

5 (b) The buyout price of a dissociated partner's interest  
6 is the amount that would have been distributable to the  
7 dissociating partner under subdivision (b) of Section  
8 16807 if, on the date of dissociation, the assets of the  
9 partnership were sold at a price equal to the greater of the  
10 liquidation value or the value based on a sale of the entire  
11 business as a going concern without the dissociated  
12 partner and the partnership was wound up as of that date.  
13 Interest shall be paid from the date of dissociation to the  
14 date of payment.

15 (c) Damages for wrongful dissociation under  
16 subdivision (b) of Section 16602, and all other amounts  
17 owing, whether or not presently due, from the dissociated  
18 partner to the partnership, shall be offset against the  
19 buyout price. Interest shall be paid from the date the  
20 amount owed becomes due to the date of payment.

21 (d) A partnership shall indemnify a dissociated  
22 partner whose interest is being purchased against all  
23 partnership liabilities, whether incurred before or after  
24 the dissociation, except liabilities incurred by an act of the  
25 dissociated partner under Section 16702.

26 (e) If no agreement for the purchase of a dissociated  
27 partner's interest is reached within 120 days after a  
28 written demand for payment, the partnership shall pay,  
29 or cause to be paid, in cash to the dissociated partner the  
30 amount the partnership estimates to be the buyout price  
31 and accrued interest, reduced by any offsets and accrued  
32 interest under subdivision (c).

33 (f) If a deferred payment is authorized under  
34 subdivision (h), the partnership may tender a written  
35 offer to pay the amount it estimates to be the buyout price  
36 and accrued interest, reduced by any offsets under  
37 subdivision (c), stating the time of payment, the amount  
38 and type of security for payment, and the other terms and  
39 conditions of the obligation.

(g) The payment or tender required by subdivision (e) or (f) shall be accompanied by all of the following:

(1) A statement of partnership assets and liabilities as of the date of dissociation.

(2) The latest available partnership balance sheet and income statement, if any.

(3) An explanation of how the estimated amount of the payment was calculated.

(4) Written notice that the payment is in full satisfaction of the obligation to purchase unless, within 120 days after the written notice, the dissociated partner commences an action to determine the buyout price, any offsets under subdivision (c), or other terms of the obligation to purchase.

(h) A partner who wrongfully dissociates before the expiration of a definite term or the completion of a particular undertaking is not entitled to payment of any portion of the buyout price until the expiration of the term or completion of the undertaking, unless the partner establishes to the satisfaction of the court that earlier payment will not cause undue hardship to the business of the partnership. A deferred payment shall be adequately secured and bear interest.

(i) A dissociated partner may maintain an action against the partnership, pursuant to subparagraph (B) of paragraph (2) of subdivision (b) of Section 16405, to determine the buyout price of that partner's interest, any offsets under subdivision (c), or other terms of the obligation to purchase. The action shall be commenced within 120 days after the partnership has tendered payment or an offer to pay or within one year after written demand for payment if no payment or offer to pay is tendered. The court shall determine the buyout price of the dissociated partner's interest, any offset due under subdivision (c), and accrued interest, and enter judgment for any additional payment or refund. If deferred payment is authorized under subdivision (h), the court shall also determine the security for payment and other terms of the obligation to purchase. The court may assess reasonable attorney's fees and the fees and

1 expenses of appraisers or other experts for a party to the  
2 action, in amounts the court finds equitable, against a  
3 party that the court finds acted arbitrarily, vexatiously, or  
4 not in good faith. The finding may be based on the  
5 partnership's failure to tender payment or an offer to pay  
6 or to comply with subdivision (g).

7 16701.5. (a) Section 16701 shall not apply to any  
8 dissociation that occurs within the 90 days prior to a  
9 dissolution under Section 16801.

10 (b) For dissociations occurring within 90 days prior to  
11 the dissolution, both of the following shall apply:

12 (1) All partners who dissociated within 90 days prior to  
13 the dissolution shall be treated as partners under Section  
14 16807.

15 (2) Any damages for wrongful dissociation under  
16 subdivision (b) of Section 16602 and all other amounts  
17 owed by the dissociated partner to the partnership,  
18 whether or not presently due, shall be taken into account  
19 in determining the amount distributable to the  
20 dissociated partner under Section 16807.

21 16702. (a) For two years after a partner dissociates,  
22 the partnership, including a surviving partnership under  
23 Article 9 (commencing with Section 16901), is bound by  
24 an act of the dissociated partner that would have bound  
25 the partnership under Section 16301 before dissociation  
26 only if at the time of entering into the transaction all of  
27 the following apply to the other party:

28 (1) The other party reasonably believed that the  
29 dissociated partner was then a partner.

30 (2) The other party did not have notice of the  
31 partner's dissociation.

32 (3) The other party is not deemed to have had  
33 knowledge under subdivision (e) of Section 16303 or  
34 notice under subdivision (c) of Section 16704.

35 (b) A dissociated partner is liable to the partnership  
36 for any damage caused to the partnership arising from an  
37 obligation incurred by the dissociated partner after  
38 dissociation for which the partnership is liable under  
39 subdivision (a).



1 16703. (a) A partner's dissociation does not of itself  
2 discharge the partner's liability for a partnership  
3 obligation incurred before dissociation. A dissociated  
4 partner is not liable for a partnership obligation incurred  
5 after dissociation, except as otherwise provided in  
6 subdivision (b).

7 (b) ~~A~~ *Except to the extent provided in Section 16306,*  
8 a partner who dissociates is liable as a partner to the other  
9 party in a transaction entered into by the partnership, or  
10 a surviving partnership under Article 9 (commencing  
11 with Section 16901), within two years after the partner's  
12 dissociation, only if at the time of entering into the  
13 transaction all of the following apply to the other party:

14 (1) The other party reasonably believed that the  
15 dissociated partner was then a partner.

16 (2) The other party did not have notice of the  
17 partner's dissociation.

18 (3) The other party is not deemed to have had  
19 knowledge under subdivision (e) of Section 16303 or  
20 notice under subdivision (c) of Section 16704.

21 (c) By agreement with the partnership creditor and  
22 the partners continuing the business, a dissociated  
23 partner may be released from liability for a partnership  
24 obligation.

25 (d) A dissociated partner is released from liability for  
26 a partnership obligation if a partnership creditor, with  
27 notice of the partner's dissociation but without the  
28 partner's consent, agrees to a material alteration in the  
29 nature or time of payment of a partnership obligation.

30 16704. (a) A dissociated partner or the partnership  
31 may file a statement of dissociation stating the name of  
32 the partnership and that the partner is dissociated from  
33 the partnership.

34 (b) A statement of dissociation is a limitation on the  
35 authority of a dissociated partner for the purposes of  
36 subdivisions (d) and (e) of Section 16303.

37 (c) For the purposes of paragraph (3) of subdivision  
38 (a) of Section 16702 and paragraph (3) of subdivision (b)  
39 of Section 16703, a person not a partner is deemed to have

1 notice of the dissociation 90 days after the statement of  
2 dissociation is filed.

3 16705. Continued use of a partnership name, or a  
4 dissociated partner's name as part thereof, by partners  
5 continuing the business does not of itself make the  
6 dissociated partner liable for an obligation of the partners  
7 or the partnership continuing the business.

8

9 Article 8. Winding Up Partnership Business

10

11 16801. A partnership is dissolved, and its business shall  
12 be wound up, only upon the occurrence of any of the  
13 following events:

14 (1) In a partnership at will, by the express will to  
15 dissolve and wind up the partnership business of at least  
16 half of the partners, including partners, other than  
17 wrongfully dissociating partners, who have dissociated  
18 within the preceding 90 days, and for which purpose a  
19 dissociation under subdivision (1) of Section 16601  
20 constitutes an expression of that partner's will to dissolve  
21 and wind up the partnership business.

22 (2) In a partnership for a definite term or particular  
23 undertaking, when any of the following occurs:

24 (A) After the expiration of 90 days after a partner's  
25 dissociation by death or otherwise under paragraphs (6)  
26 to (10), inclusive, of Section 16601, or a partner's wrongful  
27 dissociation under subdivision (b) of Section 16602 unless  
28 before that time a majority in interest of the partners,  
29 including partners who have rightfully dissociated  
30 pursuant to subparagraph (A) of paragraph (2) of  
31 subdivision (b) of Section 16602, agree to continue the  
32 partnership.

33 (B) The express will of all of the partners to wind up  
34 the partnership business.

35 (C) The expiration of the term or the completion of  
36 the undertaking.

37 (3) An event agreed to in the partnership agreement  
38 resulting in the winding up of the partnership business.

39 (4) An event that makes it unlawful for all or  
40 substantially all of the business of the partnership to be



1 continued, but a cure of illegality within 90 days after  
2 notice to the partnership of the event is effective  
3 retroactively to the date of the event for purposes of this  
4 section.

5 (5) On application by a partner, a judicial  
6 determination that any of the following apply:

7 (A) The economic purpose of the partnership is likely  
8 to be unreasonably frustrated.

9 (B) Another partner has engaged in conduct relating  
10 to the partnership business that makes it not reasonably  
11 practicable to carry on the business in partnership with  
12 that partner.

13 (C) It is not otherwise reasonably practicable to carry  
14 on the partnership business in conformity with the  
15 partnership agreement.

16 (6) On application by a transferee of a partner's  
17 transferable interest, a judicial determination that it is  
18 equitable to wind up the partnership business after the  
19 expiration of the term or completion of the undertaking,  
20 if the partnership was for a definite term or particular  
21 undertaking at the time of the transfer or entry of the  
22 charging order that gave rise to the transfer.

23 16802. (a) Subject to subdivision (b), a partnership  
24 continues after dissolution only for the purpose of  
25 winding up its business. The partnership is terminated  
26 when the winding up of its business is completed.

27 (b) At any time after the dissolution of a partnership  
28 and before the winding up of its business is completed, all  
29 of the partners, including any dissociating partner other  
30 than a wrongfully dissociating partner, may waive the  
31 right to have the partnership's business wound up and the  
32 partnership terminated. In that event both of the  
33 following apply:

34 (1) The partnership resumes carrying on its business  
35 as if dissolution had never occurred, and any liability  
36 incurred by the partnership or a partner after the  
37 dissolution and before the waiver is determined as if  
38 dissolution had never occurred.

39 (2) The rights of a third party accruing under  
40 paragraph (1) of Section 16804 or arising out of conduct

1 in reliance on the dissolution before the third party knew  
2 or received a notification of the waiver may not be  
3 adversely affected.

4 16803. (a) After dissolution, a partner who has not  
5 dissociated may participate in winding up the  
6 partnership's business, but on application of any partner,  
7 partner's legal representative, or transferee, the court,  
8 for good cause shown, may order judicial supervision of  
9 the winding up.

10 (b) The legal representative of the last surviving  
11 partner may wind up a partnership's business.

12 (c) A person winding up a partnership's business may  
13 preserve the partnership business or property as a going  
14 concern for a reasonable time, prosecute and defend  
15 actions and proceedings, whether civil, criminal, or  
16 administrative, settle and close the partnership's  
17 business, dispose of and transfer the partnership's  
18 property, discharge the partnership's liabilities,  
19 distribute the assets of the partnership pursuant to  
20 Section 16807, settle disputes by mediation or arbitration,  
21 and perform other necessary acts.

22 16804. Subject to Section 16805, a partnership is  
23 bound by a partner's act after dissolution that is either of  
24 the following:

25 (1) Appropriate for winding up the partnership  
26 business.

27 (2) Would have bound the partnership under Section  
28 16301 before dissolution, if the other party to the  
29 transaction did not have notice of the dissolution.

30 16805. (a) After dissolution, a partner who has not  
31 wrongfully dissociated may file a statement of dissolution  
32 stating the name of the partnership and that the  
33 partnership has dissolved and is winding up its business.

34 (b) A statement of dissolution cancels a filed statement  
35 of partnership authority for the purposes of subdivision  
36 (d) of Section 16303 and is a limitation on authority for the  
37 purposes of subdivision (e) of Section 16303.

38 (c) For the purposes of Sections 16301 and 16804, a  
39 person not a partner is deemed to have notice of the  
40 dissolution and the limitation on the partners' authority

1 as a result of the statement of dissolution 90 days after it  
2 is filed.

3 (d) After filing and, if appropriate, recording a  
4 statement of dissolution, a dissolved partnership may file  
5 and, if appropriate, record a statement of partnership  
6 authority that will operate with respect to a person not a  
7 partner as provided in subdivisions (d) and (e) of Section  
8 16303 in any transaction, whether or not the transaction  
9 is appropriate for winding up the partnership business.

10 16806. (a) Except as otherwise provided in  
11 subdivision (b) *and Section 16306*, after dissolution a  
12 partner is liable to the other partners for the partner's  
13 share of any partnership liability incurred under Section  
14 16804.

15 (b) A partner who, with knowledge of the dissolution,  
16 incurs a partnership liability under paragraph (2) of  
17 Section 16804 by an act that is not appropriate for winding  
18 up the partnership business is liable to the partnership for  
19 any damage caused to the partnership arising from the  
20 liability.

21 16807. (a) In winding up a partnership's business, the  
22 assets of the partnership, including the contributions of  
23 the partners required by this section, shall be applied to  
24 discharge its obligations to creditors, including, to the  
25 extent permitted by law, partners who are creditors. Any  
26 surplus shall be applied to pay in cash the net amount  
27 distributable to partners in accordance with their right to  
28 distributions under subdivision (b).

29 (b) Each partner is entitled to a settlement of all  
30 partnership accounts upon winding up the partnership  
31 business. In settling accounts among the partners, the  
32 profits and losses that result from the liquidation of the  
33 partnership assets shall be credited and charged to the  
34 partners' accounts. The partnership shall make a  
35 distribution to a partner in an amount equal to any excess  
36 of the credits over the charges in the partner's account.  
37 A partner shall contribute to the partnership an amount  
38 equal to any excess of the charges over the credits in the  
39 partner's account, *except that, in determining the excess,*

1 *obligations for which the partner is not personally liable*  
2 *in Section 16306 shall not be considered.*

3 (c) If a partner fails to contribute *the full amount that*  
4 *the partner is obligated to contribute under subdivision*  
5 *(b)*, all of the other partners shall contribute, in the  
6 proportions in which those partners share partnership  
7 losses, the additional amount necessary to satisfy the  
8 partnership obligations *for which they are liable under*  
9 *Section 16306*. A partner or partner's legal representative  
10 may recover from the other partners any contributions  
11 the partner makes to the extent the amount contributed  
12 exceeds that partner's share of the partnership  
13 obligations *for which the partner is personally liable*  
14 *under Section 16306*.

15 (d) After the settlement of accounts, each partner  
16 shall contribute, in the proportion in which the partner  
17 shares partnership losses, the amount necessary to satisfy  
18 partnership obligations that were not known at the time  
19 of the settlement *and for which the partner is personally*  
20 *liable under Section 16306*.

21 (e) The estate of a deceased partner is liable for the  
22 partner's obligation to contribute to the partnership.

23 (f) An assignee for the benefit of creditors of a  
24 partnership or a partner, or a person appointed by a court  
25 to represent creditors of a partnership or a partner, may  
26 enforce a partner's obligation to contribute to the  
27 partnership.

28

## 29 Article 9. Conversions and Mergers

30

31 16901. In this article, the following terms have the  
32 following meanings:

33 ~~(1)~~

34 (1) "*Constituent other business entity*" means any  
35 *other business entity that is merged with or into one or*  
36 *more limited partnerships and includes a surviving other*  
37 *business entity.*

38 (2) "*Constituent partnership*" means a partnership  
39 *that is merged with or into one or more other*



1 *partnerships or other business entities and includes a*  
2 *surviving partnership.*

3 (3) *“Disappearing other business entity” means a*  
4 *constituent other business entity that is not the surviving*  
5 *other business entity.*

6 (4) *“Disappearing partnership” means a constituent*  
7 *limited partnership that is not the surviving partnership.*

8 (5) *“Domestic” means organized under the laws of*  
9 *this state when used in relation to any partnership, other*  
10 *business entity, or person (other than an individual).*

11 (6) *“Foreign other business entity” means any other*  
12 *business entity formed under the laws of any state other*  
13 *than this state or under the laws of the United States, or*  
14 *of a foreign country.*

15 (7) *“Foreign partnership” means a partnership*  
16 *formed under the laws of any state other than this state*  
17 *or under the laws of a foreign country.*

18 (8) *“General partner” means a partner in a*  
19 *partnership and a general partner in a limited*  
20 *partnership.*

21 ~~(2)~~

22 (9) *“Limited liability company” means a limited*  
23 *liability company created under Title 2.5 (commencing*  
24 *with Section 17000), or comparable law of another*  
25 *jurisdiction.*

26 (10) *“Limited partner” means a limited partner in a*  
27 *limited partnership.*

28 ~~(3)~~

29 (11) *“Limited partnership” means a limited*  
30 *partnership created under Chapter 3 (commencing with*  
31 *Section 15611), predecessor law, or comparable law of*  
32 *another jurisdiction.*

33 ~~(4)~~

34 (12) *“Other business entity” means a limited liability*  
35 *partnership, limited liability company, or an*  
36 *unincorporated association (other than a nonprofit*  
37 *association), but excluding a partnership.*

38 (13) *“Partner” includes both a general partner and a*  
39 *limited partner.*

~~16902. (a) A partnership may be converted to a limited partnership pursuant to this section.~~

~~(b) The terms and conditions of a conversion of a partnership to a limited partnership shall be approved by all of the partners or by a number or percentage specified for conversion in the partnership agreement.~~

~~(c) After the conversion is approved by the partners, the partnership shall file a certificate of limited partnership in the jurisdiction in which the limited partnership is to be formed. The certificate shall include all of the following:~~

~~(1) A statement that the partnership was converted to a limited partnership from a partnership.~~

~~(2) Its former name.~~

~~(3) A statement of the number of votes cast by the partners for and against the conversion and, if the vote is less than unanimous, the number or percentage required to approve the conversion under the partnership agreement.~~

~~(d) The conversion takes effect when the certificate of limited partnership is filed or at any later date specified in the certificate.~~

~~(e) A general partner who becomes a limited partner as a result of the conversion remains liable as a general partner for an obligation incurred by the partnership before the conversion takes effect. If the other party to a transaction with the limited partnership reasonably believes when entering the transaction that the limited partner is a general partner, the limited partner is liable for an obligation incurred by the limited partnership within 90 days after the conversion takes effect. The limited partner's liability for all other obligations of the limited partnership incurred after the conversion takes effect is that of a limited partner as provided in Chapter 3 (commencing with Section 15611).~~

~~16903. (a) A limited partnership may be converted to a partnership pursuant to this section.~~

~~(b) Notwithstanding a provision to the contrary in a limited partnership agreement, the terms and conditions~~



1 of a conversion of a limited partnership to a partnership  
2 shall be approved by all of the partners.

3 (e) After the conversion is approved by the partners,  
4 the limited partnership shall cancel its certificate of  
5 limited partnership.

6 (d) The conversion takes effect when the certificate of  
7 limited partnership is canceled.

8 (e) A limited partner who becomes a general partner  
9 as a result of the conversion remains liable only as a  
10 limited partner for an obligation incurred by the limited  
11 partnership before the conversion takes effect. The  
12 partner is liable as a general partner for an obligation of  
13 the partnership incurred after the conversion takes  
14 effect.

15 16904. (a) A partnership or limited partnership that  
16 has been converted pursuant to this article is for all  
17 purposes the same entity that existed before the  
18 conversion.

19 (14) “Surviving other business entity” means another  
20 business entity into which one or more partnerships are  
21 merged.

22 (15) “Surviving partnership” means a partnership into  
23 which one or more other partnerships or other business  
24 entities are merged.

25 16902. A partnership, other than a limited liability  
26 partnership, may be converted into a domestic limited  
27 partnership or limited liability company or a foreign  
28 other business entity pursuant to this article if pursuant  
29 to the proposed conversion each of the partners of the  
30 converting partnership would receive a percentage  
31 interest in the profits and capital of the converted other  
32 business entity equal to the partner’s percentage interest  
33 in profits and capital of the converting partnership as of  
34 the effective time of the conversion. Notwithstanding this  
35 section, the conversion of a partnership to a domestic  
36 limited partnership or limited liability company or  
37 foreign other business entity may be effected only if: (a)  
38 the law under which that domestic limited partnership or  
39 limited liability company or foreign other business entity  
40 will exist expressly permits the formation of that other

1 entity pursuant to a conversion; and (b) the partnership  
2 complies with any and all other requirements of such  
3 other law that applies to conversion of the other business  
4 entity.

5 16902.2. (a) A partnership that desires to convert to  
6 a domestic limited partnership or limited liability  
7 company or foreign other business entity shall approve a  
8 plan of conversion. The plan of conversion shall state:

9 (1) The terms and conditions of the conversions.

10 (2) The place of the organization of the converted  
11 entity and of the converting partnership and the name of  
12 the converted entity after conversion, if different from  
13 that of the converting partnership.

14 (3) The manner of converting the partnership  
15 interests of each of the partners into securities of or  
16 interests in the converted entity.

17 (4) The provisions of the governing document for the  
18 converted entity, such as a limited partnership  
19 agreement or limited liability company articles of  
20 organization and operating agreement, to which the  
21 holders of interest in the converted entity are to be  
22 bound.

23 (5) Any other details or provisions as are required by  
24 laws under which the converted entity is organized.

25 (6) Any other details or provisions that are desired.

26 (b) The plan of conversion shall be approved by that  
27 number or percentage of partners required by the  
28 partnership agreement to approve a conversion of the  
29 partnership as set forth in the partnership agreement. If  
30 the partnership agreement fails to specify the required  
31 partner approval for a conversion of the partnership, then  
32 the plan of conversion shall be approved by that number  
33 or percentage of partners required by the partnership  
34 agreement to approve an amendment to the partnership  
35 agreement; provided, however, that if the conversion  
36 effects a change for which the partnership agreement  
37 requires a greater number or percentage of partners than  
38 that required to amend the partnership agreement, then  
39 the plan of conversion shall be approved by that greater  
40 number or percentage. If the partnership agreement fails

1 to specify the vote required to amend the partnership  
2 agreement, then the plan of conversion shall be approved  
3 by all partners.

4 (c) If the partnership is converting into a limited  
5 partnership, then in addition to the approval of the  
6 partners as set forth in subdivision (b), the plan of  
7 conversion shall be approved by all partners who will  
8 become general partners of the converted limited  
9 partnership pursuant to the plan or conversion.

10 (d) All partners of the converting partnership except  
11 those that dissociate upon effectiveness of the conversion  
12 pursuant to subdivision (e) of Section 16904 shall be  
13 deemed parties to any partnership or operating or  
14 organic document for the converted entity adopted as  
15 part of the plan of conversion, regardless of whether that  
16 partner has executed the plan of conversion or the  
17 operating or partnership agreement or other organic  
18 document for the converted entity. Any adoption of a  
19 new partnership, operating agreement, or other organic  
20 document made pursuant to the foregoing sentence shall  
21 be effective at the effective time or date of the  
22 conversion.

23 (e) Notwithstanding its prior approval, a plan of  
24 conversion may be amended before the conversion takes  
25 effect if the amendment is approved by the partnership  
26 in the same manner, and by the same number or  
27 percentage of partners, as was required for approval of  
28 the original plan of conversion.

29 (f) The partners of a converting partnership may, at  
30 any time before the conversion is effective, in their  
31 discretion, abandon a conversion, without further  
32 approval by the partners, in the same manner, and by the  
33 same number or percentage of partners, as was required  
34 for approval of the original plan of conversion at any time  
35 before the conversion is effective, subject to the  
36 contractual rights of third parties.

37 (g) The converted entity shall keep the plan of  
38 conversion at: (1) the principal place of business of the  
39 converted entity, if the converted entity is a foreign other  
40 business entity; or (2) the office at which records are to

1 *be kept under Section 15614 if the converted entity is a*  
2 *domestic limited partnership, or at the office at which*  
3 *records are to be kept under Section 17057 if the*  
4 *converted entity is a domestic limited liability company.*  
5 *Upon the request of a partner of a converting*  
6 *partnership, the authorized person on behalf of the*  
7 *converted entity shall promptly deliver to the partner or*  
8 *the holder of interests or other securities, at the expense*  
9 *of the converted entity, a copy of the plan of conversion.*  
10 *A waiver by a partner of the rights provided in this*  
11 *subdivision shall be unenforceable.*

12 *16902.4. (a) A conversion into a domestic limited*  
13 *partnership or limited liability company shall become*  
14 *effective upon the earliest date that all of the following*  
15 *shall have occurred:*

16 *(1) The approval of the plan of conversion by the*  
17 *partners of the converting partnership as provided in*  
18 *Section 16902.2.*

19 *(2) The filing of all documents required by law to*  
20 *create the converted limited partnership or limited*  
21 *liability company, which documents shall also contain a*  
22 *statement of conversion, if required under Section*  
23 *16902.6.*

24 *(3) The effective date, if set forth in the plan of*  
25 *conversion, shall have occurred.*

26 *(b) A copy of the certificate of limited partnership or*  
27 *articles of organization complying with Section 16902.6,*  
28 *if applicable, duly certified by the Secretary of State, is*  
29 *conclusive evidence of the conversion of the partnership.*

30 *16902.5. (a) The conversion of a partnership into a*  
31 *foreign other business entity shall comply with Section*  
32 *16902.*

33 *(b) If the partnership is converting into a foreign other*  
34 *business entity, then the conversion proceedings shall be*  
35 *in accordance with the laws of the state or place of*  
36 *organization of the foreign other business entity and the*  
37 *conversion shall become effective in accordance with*  
38 *that law.*

39 *(c) The Secretary of State is the agent for service of*  
40 *process in an action or proceeding against a converted*

1 foreign other business entity to enforce an obligation of  
2 a partnership that has converted to a foreign entity.  
3 Unless a statement of conversion has been filed to effect  
4 the conversion, the converted entity shall promptly  
5 notify the Secretary of State of the mailing address of its  
6 chief executive office and of any change of address. Upon  
7 receipt of process, the Secretary of State shall mail a copy  
8 of the process to the converted entity.

9 16902.6. (a) If the converting partnership has filed a  
10 statement of partnership authority under Section 16303  
11 that is effective at the time of the conversion, then upon  
12 conversion to a domestic limited partnership or limited  
13 liability company, the certificate of limited partnership or  
14 articles of organization filed by the converted entity, as  
15 applicable, shall contain or be accompanied by a  
16 statement of conversion, in such form as may be  
17 prescribed by the Secretary of State. If the converting  
18 partnership has not filed a statement of partnership  
19 authority under Section 16303 that is effective at the time  
20 of the conversion, upon conversion to a domestic limited  
21 partnership or limited liability company, the converted  
22 entity may, but is not required to file, on or with its  
23 certificate of limited partnership or articles of  
24 organization, a statement of conversion. A statement of  
25 conversion shall be executed and acknowledged by two  
26 partners (unless a lesser number is provided in the  
27 partnership agreement) and shall set forth all of the  
28 following:

29 (1) The name and the Secretary of State's file number,  
30 if any, of the converting partnership.

31 (2) A statement that the principal terms of the plan of  
32 conversion were approved by a vote of the partners,  
33 which equaled or exceeded the vote required under  
34 Section 16902.2.

35 (b) A partnership converting to a foreign other  
36 business entity that has filed a statement of partnership  
37 authority under Section 16303 that is effective at the time  
38 of conversion may file a statement of conversion with the  
39 Secretary of State. The statement of conversion shall  
40 contain the following:

1     (1) The names of the converting partnership and the  
2 converted entity.

3     (2) The street address of the converted entity's chief  
4 executive office and of an office in this state, if any.

5     (3) The form of organization of the converted entity.

6     (c) The filing with the Secretary of State of a  
7 certificate of limited partnership or articles of  
8 organization containing a statement of conversion as set  
9 forth in subdivision (a) of Section 16902.6 or a statement  
10 of conversion filed pursuant to subdivision (b) of Section  
11 16902.6 shall have the effect of the filing of a cancellation  
12 by the converting partnership of any statement of  
13 partnership authority filed by it.

14     16902.8. (a) Whenever a partnership or other  
15 business entity having any real property in this state  
16 converts into a partnership or another business entity  
17 pursuant to the laws of this state or of the state or place  
18 in which the other business entity was organized, and the  
19 laws of the state or place of organization (including this  
20 state) of the converting partnership or other business  
21 entity provide substantially that the conversion of a  
22 converting entity vests in the converted partnership or  
23 other business entity all the real property of the  
24 converting partnership or converting other business  
25 entity, the filing for record in the office of the county  
26 recorder of any county in this state in which any of the  
27 real property of the converting partnership or converting  
28 other business entity is located of either (1) a statement  
29 of conversion or a certificate of limited partnership or  
30 articles of organization complying with Section 16902.6,  
31 in such form as prescribed by the Secretary of State,  
32 certified by the Secretary of State, or (2) a copy of a  
33 statement of conversion, certificate of limited  
34 partnership, or articles of organization containing a  
35 statement of conversion or other certificate evidencing  
36 the creating of a foreign other business entity by  
37 conversion, certified by the Secretary of State or an  
38 authorized public official of the state or place pursuant to  
39 the laws of which the conversion is effected, shall  
40 evidence record ownership in the converted partnership

1 or converted other business entity of all interest of the  
2 converting partnership or converting other business  
3 entity in and to the real property located in that county.

4 (b) A filed and, if appropriate, recorded statement of  
5 conversion, certificate of limited partnership, or articles  
6 of organization containing a statement of conversion or  
7 other certificate evidencing the creation of an other  
8 business entity by conversion executed and declared to  
9 be accurate pursuant to subdivision (c) of Section 16105,  
10 stating the name of the converting partnership or  
11 converting other business entity in whose name property  
12 was held before the conversion and the name of the  
13 converted entity, but not containing all of the other  
14 information required by Section 16902.6, operates with  
15 respect to the entities named to the extent provided in  
16 subdivision (a).

17 (c) Recording of a statement of conversion, certificate  
18 of limited partnership, or articles of organization  
19 containing a statement of conversion, or other certificate  
20 evidencing the creation of another business entity by  
21 conversion, in accordance with subdivision (a) of Section  
22 16902 shall create, in favor of bona fide purchasers or  
23 encumbrancers for value, a conclusive presumption that  
24 the conversion was validly completed.

25 16903. (a) A domestic limited partnership or limited  
26 liability company or a foreign other business entity may  
27 be converted to a domestic partnership pursuant to this  
28 article, but only if the converting entity is not prohibited  
29 by the laws under which it is organized to effect the  
30 conversion.

31 (b) An entity that desires to convert into a domestic  
32 partnership shall approve a plan of conversion or such  
33 instrument as is required to be approved to effect the  
34 conversion pursuant to the laws under which the entity  
35 is organized.

36 (c) The conversion of a domestic limited partnership  
37 or limited liability company or foreign other business  
38 entity shall be approved by the number or percentage of  
39 the partners, members, or holders of interest of the  
40 converting entity as is required by the law under which

1 *the entity is organized, or a greater or lesser percentage*  
2 *(subject to applicable laws) as set forth in the limited*  
3 *partnership agreement, articles of organization, or*  
4 *operating agreement or other governing document for*  
5 *the converting entity.*

6 *(d) The conversion by a domestic limited partnership*  
7 *or limited liability company or a foreign other business*  
8 *entity into a partnership shall be effective under this*  
9 *article at such time as the conversion is effective under*  
10 *the law under which the converting entity is organized.*

11 16904. *(a) An entity that converts into another entity*  
12 *pursuant to this article is for all purposes the same entity*  
13 *that existed before the conversion.*

14 *(b) When a conversion takes effect, all of the following*  
15 *apply:*

16 ~~(1) All property owned by the converting partnership~~  
17 ~~or limited partnership the rights and property, whether~~  
18 ~~real, personal, or mixed, of the converting entity remains~~  
19 ~~vested in the converted entity.~~

20 ~~(2) All debts, liabilities, and obligations of the~~  
21 ~~converting partnership or limited partnership continue~~  
22 ~~as continue as debts, liabilities, and obligations of the~~  
23 ~~converted entity.~~

24 ~~(3) An action or proceeding pending~~ *All rights of*  
25 *creditors and liens upon the property of the converting*  
26 *entity shall be preserved unimpaired and remain*  
27 *enforceable against the converted entity to the same*  
28 *extent as against the converting partnership or limited*  
29 *partnership may be continued entity as if the conversion*  
30 *had not occurred.*

31 ~~16905. (a) Pursuant to a plan of merger approved as~~  
32 ~~provided in subdivision (c), a partnership may be merged~~  
33 ~~with one or more partnerships or limited partnerships.~~

34 ~~(b) The plan of merger shall set forth all of the~~  
35 ~~following:~~

36 ~~(1) The name of each partnership or limited~~  
37 ~~partnership that is a party to the merger.~~

38 ~~(2) The name of the surviving entity into which the~~  
39 ~~other partnerships or limited partnerships will merge.~~



1 ~~(3) Whether the surviving entity is a partnership or a~~  
2 ~~limited partnership and the status of each partner.~~

3 ~~(4) The terms and conditions of the merger.~~

4 ~~(5) The manner and basis of converting the interests~~  
5 ~~of each party to the merger into interests or obligations~~  
6 ~~of the surviving entity, or into money or other property~~  
7 ~~in whole or part.~~

8 ~~(6) The street address of the surviving entity's chief~~  
9 ~~executive office.~~

10 ~~(c) The plan of merger shall be approved as follows:~~

11 ~~(1) In the case of a partnership that is a party to the~~  
12 ~~merger, by all of the partners, or a number or percentage~~  
13 ~~specified for merger in the partnership agreement.~~

14 ~~(2) In the case of a limited partnership that is a party~~  
15 ~~to the merger, by the vote required for approval of a~~  
16 ~~merger by the law of the state or foreign jurisdiction in~~  
17 ~~which the limited partnership is organized and, in the~~  
18 ~~absence of such a specifically applicable law, by all of the~~  
19 ~~partners, notwithstanding a provision to the contrary in~~  
20 ~~the partnership agreement.~~

21 ~~(d) After a plan of merger is approved and before the~~  
22 ~~merger takes effect, the plan may be amended or~~  
23 ~~abandoned as provided in the plan.~~

24 ~~(e) The merger takes effect on the later of any of the~~  
25 ~~following:~~

26 ~~(1) The approval of the plan of merger by all parties~~  
27 ~~to the merger, as provided in subdivision (c).~~

28 ~~(2) The filing of all documents required by law to be~~  
29 ~~filed as a condition to the effectiveness of the merger.~~

30 ~~(3) Any effective date specified in the plan of merger.~~

31 ~~16906. (a) When a merger takes effect, all of the~~  
32 ~~following apply:~~

33 ~~(1) The separate existence of every partnership or~~  
34 ~~limited partnership that is a party to the merger, other~~  
35 ~~than the surviving entity, ceases.~~

36 ~~(2) All property owned by each of the merged~~  
37 ~~partnerships or limited partnerships vests in the surviving~~  
38 ~~entity.~~

1 ~~(3) All obligations of every partnership or limited~~  
2 ~~partnership that is a party to the merger become the~~  
3 ~~obligations of the surviving entity.~~

4 ~~(4) An action or proceeding pending against a~~  
5 ~~partnership or limited partnership that is a party to the~~  
6 ~~merger may be continued as if the merger had not~~  
7 ~~occurred, or the surviving entity may be substituted as a~~  
8 ~~party to the action or proceeding.~~

9 ~~(b) The Secretary of State is the agent for service of~~  
10 ~~process in an action or proceeding against a surviving~~  
11 ~~foreign partnership or limited partnership to enforce an~~  
12 ~~obligation of a domestic partnership or limited~~  
13 ~~partnership that is a party to a merger. The surviving~~  
14 ~~entity shall promptly notify the Secretary of State of the~~  
15 ~~mailing address of its chief executive office and of any~~  
16 ~~change of address. Upon receipt of process, the Secretary~~  
17 ~~of State shall mail a copy of the process to the surviving~~  
18 ~~foreign partnership or limited partnership.~~

19 ~~(c) A partner of the surviving partnership or limited~~  
20 ~~partnership is liable for all of the following:~~

21 ~~(1) All obligations of a party to the merger for which~~  
22 ~~the partner was personally liable before the merger.~~

23 ~~(2) All other obligations of the surviving entity~~  
24 ~~incurred before the merger by a party to the merger, but~~  
25 ~~those obligations may be satisfied only out of property of~~  
26 ~~the entity.~~

27 ~~(3) All obligations of the surviving entity incurred~~  
28 ~~after the merger takes effect, but those obligations may~~  
29 ~~be satisfied only out of property of the entity if the partner~~  
30 ~~is a limited partner.~~

31 ~~(d) If the obligations incurred before the merger by a~~  
32 ~~party to the merger are not satisfied out of the property~~  
33 ~~of the surviving partnership or limited partnership, the~~  
34 ~~general partners of that party immediately before the~~  
35 ~~effective date of the merger shall contribute the amount~~  
36 ~~necessary to satisfy that party's obligations to the~~  
37 ~~surviving entity, in the manner provided in Section 16807~~  
38 ~~or in the Limited Partnership Act of the jurisdiction in~~  
39 ~~which the party was formed, as the case may be, as if the~~  
40 ~~merged party were dissolved.~~

1 ~~(c) A partner of a party to a merger who does not~~  
2 ~~become a partner of the surviving partnership or limited~~  
3 ~~partnership is dissociated from the entity, of which that~~  
4 ~~partner was a partner, as of the date the merger takes~~  
5 ~~effect. The surviving entity shall cause the partner's~~  
6 ~~interest in the entity to be purchased under Section 16701~~  
7 ~~or another statute specifically applicable to that partner's~~  
8 ~~interest with respect to a merger. The surviving entity is~~  
9 ~~bound under Section 16702 by an act of a general partner~~  
10 ~~dissociated under this subdivision, and the partner is~~  
11 ~~liable under Section 16703 for transactions entered into~~  
12 ~~by the surviving entity after the merger takes effect.~~

13 ~~16907. (a) After a merger, the surviving partnership~~  
14 ~~or limited partnership may file a statement that one or~~  
15 ~~more partnerships or limited partnerships have merged~~  
16 ~~into the surviving entity.~~

17 ~~(b) A statement of merger shall contain all of the~~  
18 ~~following:~~

19 ~~(1) The name of each partnership or limited~~  
20 ~~partnership that is a party to the merger.~~

21 ~~(2) The name of the surviving entity into which the~~  
22 ~~other partnerships or limited partnership were merged.~~

23 ~~(3) The street address of the surviving entity's chief~~  
24 ~~executive office and of an office in this state, if any.~~

25 ~~(4) Whether the surviving entity is a partnership or a~~  
26 ~~limited partnership.~~

27 ~~(c) Except as otherwise provided in subdivision (d),~~  
28 ~~for the purposes of Section 16302, property of the~~  
29 ~~surviving partnership or limited partnership that before~~  
30 ~~the merger was held in the name of another party to the~~  
31 ~~merger is property held in the name of the surviving~~  
32 ~~entity upon filing a statement of merger.~~

33 ~~(d) For the purposes of Section 16302, real property of~~  
34 ~~the surviving partnership or limited partnership that~~  
35 ~~before the merger was held in the name of another party~~  
36 ~~to the merger is property held in the name of the~~  
37 ~~surviving entity upon recording a certified copy of the~~  
38 ~~statement of merger in the office for recording transfers~~  
39 ~~of that real property.~~

40 ~~(e)~~

1 (4) Any action or proceeding pending by or against  
2 the converting entity may be continued against the  
3 converted entity as if the conversion had not occurred.

4 (c) A partner of a converting partnership is liable for:

5 (1) All obligations of the converting partnership for  
6 which the partner was personally liable before the  
7 conversion.

8 (2) All obligations of the converted entity incurred  
9 after the conversion takes effect, but those obligations  
10 may be satisfied only out of property of the entity if (A)  
11 the converted other business entity is a limited  
12 partnership and the partner becomes a limited partner or  
13 (B) the converted other business entity is a limited  
14 liability company and the partner becomes a member,  
15 unless the articles of organization or the operating  
16 agreement of the limited liability company provide  
17 otherwise.

18 (d) A partner of a partnership that converted from  
19 another business entity is liable for any and all obligations  
20 of the converting other business entity for which the  
21 partner was personally liable before the conversion, but  
22 only to the extent the partner was liable for the obligation  
23 of the converting entity prior to the conversion.

24 (e) A partner of a converting partnership, who does  
25 not vote in favor of the conversion and does not agree to  
26 become a partner, member, or holder of interest of the  
27 converted other business entity shall have the right to  
28 dissociate from the partnership, as of the date the  
29 conversion takes effect. Within 10 days after the approval  
30 of the conversion by the partners as required under this  
31 article, the converting partnership shall send notice of the  
32 approval of the conversion to each partner that has not  
33 approved the conversion, accompanied by copies of  
34 Section 16701 and a brief description of the procedure to  
35 be followed under that section if the partner wishes to  
36 dissociate from the partnership. A partner that desires to  
37 dissociate from the converting partnership shall send  
38 written notice of such dissociation within 30 days after the  
39 date of the notice of the approval of the conversion. The  
40 converting partnership shall cause the partner's interest

1 in the entity to be purchased under Section 16701. The  
2 converting partnership is bound under Section 16702 by  
3 an act of a general partner dissociated under this  
4 subdivision, and the partner is liable under Section 16703  
5 for transactions entered into by the converted entity after  
6 the conversion takes effect. The dissociation of a partner  
7 in connection with a conversion pursuant to the terms of  
8 this subdivision shall not be deemed to be a wrongful  
9 dissociation under Section 16602.

10 16905. (a) The following entities may be merged  
11 pursuant to this article:

12 (1) Two or more partnerships into one partnership.

13 (2) One or more partnerships and one or more other  
14 business entities into one of those other business entities.

15 (3) One or more partnerships, other than a limited  
16 liability partnership, and one or more other business  
17 entities into one partnership.

18 (b) Notwithstanding subdivision (a), the merger of  
19 any number of partnerships with any number of other  
20 business entities may be effected only if the other  
21 business entities that are organized in California are  
22 authorized by the laws under which they are organized  
23 to effect the merger, and (1) if a domestic partnership is  
24 the surviving partnership, the foreign other business  
25 entities are not prohibited by the laws under which they  
26 are organized from effecting that merger and (2) if a  
27 foreign partnership or foreign other business entity is the  
28 survivor of the merger, the laws of the jurisdiction under  
29 which the survivor is organized authorize that merger.

30 16905.3. (a) Each partnership and other business  
31 entity which desires to merge shall approve an  
32 agreement of merger. The agreement of merger shall be  
33 approved by the constituent partnership. If the  
34 partnership agreement fails to specify the required  
35 partner approval for merger of the constituent  
36 partnership, then the agreement of merger shall be  
37 approved by that number or percentage of partners  
38 specified by the partnership agreement to approve an  
39 amendment to the partnership agreement; provided,  
40 however, that if the merger effects a change for which the

1 partnership agreement requires a greater number or  
2 percentage of partners than that required to amend the  
3 partnership agreement, then the merger shall be  
4 approved by that greater number or percentage. If the  
5 partnership agreement contains no provision specifying  
6 the vote required to amend the partnership agreement,  
7 then the agreement of merger must be approved by all  
8 the partners. The agreement of merger shall be approved  
9 on behalf of each constituent other business entity by  
10 those persons required to approve the merger by the laws  
11 under which it is organized. Other persons may be parties  
12 to the agreement of merger. The agreement of merger  
13 shall state:

14 (1) The terms and conditions of the merger.

15 (2) The name and place of organization of the  
16 surviving partnership or surviving other business entity,  
17 and of each disappearing partnership and disappearing  
18 other business entity, and the agreement of merger may  
19 change the name of the surviving partnership, which new  
20 name may be the same as or similar to the name of a  
21 disappearing partnership.

22 (3) The manner of converting the partnership  
23 interests of each of the constituent partnerships into  
24 interests or other securities of the surviving partnership  
25 or surviving other business entity, and if partnership  
26 interests of any of the constituent partnerships are not to  
27 be converted solely into interest or other securities of the  
28 surviving partnership or surviving other business entity,  
29 the cash, property, rights, interests, or securities which  
30 the holders of the partnership interest are to receive in  
31 exchange for the partnership interests, which cash,  
32 property, rights, interests, or securities may be in addition  
33 to or in lieu of interests of other securities of the surviving  
34 partnership or surviving other business entity, or that the  
35 partnership interests are canceled without consideration.

36 (4) Any other details or provisions as are required by  
37 the laws under which any constituent other business  
38 entity is organized.

1 (5) Any other details or provisions that are desired,  
2 including, without limitation, a provision for the  
3 treatment of fractional partnership interest.

4 (b) If the partnership is merging into a limited  
5 partnership, then in addition to the approval of the  
6 partners as set forth under subdivision (a), the agreement  
7 of merger must be approved by all partners who will  
8 become general partners of the surviving limited  
9 partnership upon the effectiveness of the merger.

10 (c) Notwithstanding its prior approval, an agreement  
11 of merger may be amended before the merger takes  
12 effect if the amendment is approved by the partners of  
13 each constituent partnership, in the same manner as  
14 required for approval of the original agreement of  
15 merger, and by each of the constituent other business  
16 entities.

17 (d) The partners of a constituent partnership may in  
18 their discretion, abandon a merger, subject to the  
19 contractual rights, if any, of third parties, including other  
20 constituent partnerships and constituent other business  
21 entities, if the abandonment is approved by the partners  
22 of the constituent partnership in the same manner as  
23 required for approval of the original agreement of  
24 merger.

25 (e) An agreement of merger approved in accordance  
26 with subdivision (a) may (1) effect any amendment to  
27 the partnership agreement of any domestic constituent  
28 partnership or (2) effect the adoption of a new  
29 partnership agreement for a domestic constituent  
30 partnership if it is the surviving partnership in the  
31 merger. Any amendment to a partnership agreement or  
32 adoption of a new partnership agreement made pursuant  
33 to the foregoing sentence shall be effective at the  
34 effective time or date of the merger.

35 (f) The surviving partnership or surviving other  
36 business entity shall keep the agreement of merger at the  
37 principal place of business of the surviving entity if the  
38 surviving entity is a partnership or a foreign other  
39 business entity, at the office referred to in subdivision (a)  
40 of Section 15614 if the surviving entity is a domestic

1 limited partnership or at the office referred to in Section  
2 17057 if the surviving entity is a domestic limited liability  
3 company and, upon the request of a partner of a  
4 constituent partnership or a holder of interests or other  
5 securities of a constituent other business entity, the  
6 authorized person on behalf of the partnership or the  
7 surviving other business entity shall promptly deliver to  
8 the partner or the holder of interest or other securities,  
9 at the expense of the surviving partnership or surviving  
10 other business entity, a copy of the agreement of merger.  
11 A waiver by a partner or holder of interests or other  
12 securities of the rights provided in this subdivision shall  
13 be unenforceable.

14 16905.5 (a) Unless a future effective date or time is  
15 provided in a certificate of merger if a certificate of  
16 merger is required to be filed under Section 16907 in  
17 which event the merger shall be effective at the future  
18 effective date or time:

19 (1) A merger in which no domestic other business  
20 entity is a party to the merger shall be effective upon the  
21 later of any of the following:

22 (A) The approval of the agreement of merger by all  
23 parties to the merger as provided in Section 16905.3.

24 (B) The filing of all documents required by law to be  
25 filed as a condition to the effectiveness of the merger; or

26 (C) Any effective date specified in the agreement of  
27 merger; and

28 (2) A merger in which a domestic other business entity  
29 is a party to the merger shall be effective upon the filing  
30 of the certificate of merger in the office of the Secretary  
31 of State.

32 (b) For all mergers in which a certificate of merger is  
33 required to be filed under Section 16907, a copy of the  
34 certificate of merger duly certified by the Secretary of  
35 State is conclusive evidence of the merger of (A) the  
36 constituent partnerships (either by themselves or  
37 together with constituent other business entities) into the  
38 surviving other business entity, or (B) the constituent  
39 partnerships or the constituent other business entities, or  
40 both, into the surviving partnership.



1 16905.7. (a) The merger of any number of domestic  
2 partnerships with any number of foreign partnerships or  
3 foreign other business entities shall be required to comply  
4 with Section 16905.

5 (b) If the surviving entity is a domestic partnership or  
6 a domestic other business entity, the merger proceedings  
7 with respect to that partnership or other business entity  
8 and any domestic disappearing partnership shall conform  
9 to the provisions of this chapter governing the merger of  
10 domestic partnerships, but if the surviving entity is a  
11 foreign partnership or a foreign other business entity,  
12 then, subject to the requirements of subdivision (d), the  
13 merger proceedings may be in accordance with the laws  
14 of the state or place of organization of the surviving  
15 partnership or surviving other business entity.

16 (c) If the surviving entity is a domestic other business  
17 entity or is a domestic partnership in a merger in which  
18 a domestic other business entity is also a party, the  
19 certificate of merger shall be filed as provided in  
20 subdivision (b) of Section 16907, and thereupon, subject  
21 to subdivision (a) of Section 16905.5, the merger shall be  
22 effective as to each domestic constituent partnership and  
23 domestic constituent other business entity.

24 (d) If the surviving entity is a foreign partnership or  
25 foreign other business entity, the merger shall become  
26 effective in accordance with the law of the jurisdiction in  
27 which the surviving partnership or surviving other  
28 business entity is organized, but shall be effective as to  
29 any domestic disappearing partnership as of the time of  
30 effectiveness in the foreign jurisdiction in accordance  
31 with Section 16905.5.

32 16906. (a) When a merger takes effect, all of the  
33 following apply:

34 (1) The separate existence of the disappearing  
35 partnerships and disappearing other business entities  
36 ceases and the surviving partnership or surviving other  
37 business entity shall succeed, without other transfer, act  
38 or deed, to all the rights and property whether real,  
39 personal, or mixed, of each of the disappearing  
40 partnerships and disappearing other business entities and

1 shall be subject to all the debts and liabilities of each in the  
2 same manner as if the surviving partnership or surviving  
3 other business entity had itself incurred them.

4 (2) All rights of creditors and all liens upon the  
5 property of each of the constituent partnerships and  
6 constituent other business entities shall be preserved  
7 unimpaired and may be enforced against the surviving  
8 partnership or the surviving other business entity to the  
9 same extent as if the debt, liability or duty which gave rise  
10 to that lien had been incurred or contracted by it,  
11 provided that such liens upon the property of a  
12 disappearing partnership or disappearing other business  
13 entity shall be limited to the property affected thereby  
14 immediately prior to the time the merger is effective.

15 (3) Any action or proceeding pending by or against  
16 any disappearing partnership or disappearing other  
17 business entity may be prosecuted to judgment, which  
18 shall bind the surviving partnership or surviving other  
19 business entity, or the surviving partnership or surviving  
20 other business entity may be proceeded against or be  
21 substituted in the disappearing partnership's or the  
22 disappearing other business entity's place.

23 (b) The Secretary of State is the agent for service of  
24 process in an action or proceeding against a foreign  
25 surviving partnership or foreign surviving other business  
26 entity to enforce an obligation of a domestic partnership  
27 or domestic other business entity that is a party to a  
28 merger. Unless a certificate of merger has been filed to  
29 effect the merger, the surviving entity shall promptly  
30 notify the Secretary of State of the mailing address of its  
31 chief executive office and of any change of address. Upon  
32 receipt of process, the Secretary of State shall mail a copy  
33 of the process to the foreign surviving partnership or  
34 foreign surviving other business entity.

35 (c) A partner of the surviving partnership or surviving  
36 limited partnership or a member of the surviving limited  
37 liability company is liable for all of the following:

38 (1) All obligations of a party to the merger for which  
39 the partner or member was personally liable before the  
40 merger.

1 (2) All other obligations of the surviving entity  
2 incurred before the merger by a party to the merger, but  
3 those obligations may be satisfied only out of property of  
4 the entity.

5 (3) All obligations of the surviving entity incurred  
6 after the merger takes effect, but those obligations may  
7 be satisfied only out of property of the entity if the partner  
8 is a limited partner or, unless expressly provided  
9 otherwise in the articles of organization, a member of a  
10 limited liability company.

11 (d) If the obligations incurred before the merger by a  
12 party to the merger are not satisfied out of the property  
13 of the surviving partnership or surviving other business  
14 entity, the general partners of that party immediately  
15 before the effective date of the merger, to the extent such  
16 party was a partnership or a limited partnership, shall  
17 contribute the amount necessary to satisfy that party's  
18 obligations to the surviving entity, in the manner  
19 provided in Section 16807 or in the limited partnership  
20 act of the jurisdiction in which the party was formed, as  
21 the case may be, as if the merged party were dissolved.

22 (e) A partner of a domestic disappearing partnership,  
23 who does not vote in favor of the merger and does not  
24 agree to become a partner, member or holder of interest  
25 of the surviving partnership or surviving other business  
26 entity shall have the right to dissociate from the  
27 partnership, as of the date the merger takes effect. Within  
28 10 days after the approval of the merger by the partners  
29 as required under this article, each domestic  
30 disappearing partnership shall send notice of the  
31 approval of the merger to each partner that has not  
32 approved the merger, accompanied by a copy of Section  
33 16701 and a brief description of the procedure to be  
34 followed under that section if the partner wishes to  
35 dissociate from the partnership. A partner that desires to  
36 dissociate from a disappearing partnership shall send  
37 written notice of such dissociation within 30 days after the  
38 date of the notice of the approval of the merger. The  
39 disappearing partnership shall cause the partner's  
40 interest in the entity to be purchased under Section

1 16701. The surviving entity is bound under Section 16702  
2 by an act of a general partner dissociated under this  
3 subdivision, and the partner is liable under Section 16703  
4 for transactions entered into by the surviving entity after  
5 the merger takes effect. The disassociation of a partner in  
6 connection with a merger pursuant to the terms of this  
7 subdivision shall not be deemed a wrongful disassociation  
8 under Section 16602.

9 16907. (a) In a merger involving only partnerships,  
10 or in a merger to which a domestic partnership and an  
11 other business entity is a party but in which no other  
12 domestic other business entity is a party, the surviving  
13 partnership or surviving foreign other business entity  
14 may file with the Secretary of State a statement that one  
15 or more partnerships have merged into the surviving  
16 partnership surviving other business entity. A statement  
17 of merger shall contain the following:

18 (1) The name of each partnership or other business  
19 entity that is a party to the merger.

20 (2) The name of the surviving entity into which the  
21 other partnerships or other business entities where  
22 merged.

23 (3) The street address of the surviving entity's chief  
24 executive office and of an office in this state, if any.

25 (4) Whether the surviving entity is a partnership or an  
26 other business entity, specifying the type of the entity.

27 (b) In a merger involving a domestic partnership in  
28 which a domestic other business entity is also a party, after  
29 approval of the merger by the constituent partnerships  
30 and any constituent other business entities, the  
31 constituent partnerships and constituent other business  
32 entities shall file a certificated of merger in the office of  
33 and on a form prescribed by, the Secretary of State. The  
34 certificate of merger shall be executed and  
35 acknowledged by each domestic constituent partnership  
36 by two partners (unless a lesser number is provided in the  
37 partnership agreement) and by each foreign constituent  
38 partnership by one or more partners, and by each  
39 constituent other business entity by those persons  
40 required to execute the certificate of merger by the laws

1 under which the constituent other business entity is  
2 organized. The certificate of merger shall set forth all of  
3 the following:

4 (1) The names and the Secretary of State's file  
5 numbers, if any, of each of the constituent partnerships  
6 and constituent other business entities, separately  
7 identifying the disappearing partnerships and  
8 disappearing other business entities and the surviving  
9 partnership or surviving other business entity.

10 (2) If a vote of the partners was required under  
11 Section 16905.3, a statement that the principal terms of  
12 the agreement of merger were approved by a vote of the  
13 partners, which equaled or exceeded the vote required.

14 (3) If the surviving entity is a domestic partnership  
15 and not another business entity, any change to the  
16 information set forth in any filed statement of partnership  
17 authority of the surviving partnership resulting from the  
18 merger, including any change in the name of the  
19 surviving partnership resulting from the merger. The  
20 filing of a certificate of merger setting forth any such  
21 changes to any filed statement of partnership authority of  
22 the surviving partnership shall have the effect of the filing  
23 of a certificate of amendment of the statement of  
24 partnership authority by the surviving partnership, and  
25 the surviving partnership need not file a certificate of  
26 amendment under Section 16015 to reflect those changes.

27 (4) The future effective date or time (which shall be  
28 a date or time certain not more than 90 days subsequent  
29 to the date of filing) of the merger, if the merger is not  
30 to be effective upon the filing of the certificate of merger  
31 with the office of the Secretary of State.

32 (5) If the surviving entity is an other business entity or  
33 a foreign partnership, the full name, type of entity, legal  
34 jurisdiction in which the entity was organized and by  
35 whose laws its internal affairs are governed, and the  
36 address of the principal place of business of the entity.

37 (6) Any other information required to be stated in the  
38 certificate of merger by the laws under which each  
39 constituent other business entity is organized.

1 (c) A statement of merger or a certificate of merger,  
2 as is applicable under subdivision (a) or (b), shall have  
3 the effect of the filing of a cancellation for each  
4 disappearing partnership of any statement of partnership  
5 authority filed by it.

6 16907.3. (a) Whenever a domestic or foreign  
7 partnership or other business entity having any real  
8 property in this state merges with another partnership or  
9 other business entity pursuant to the laws of this state or  
10 of the state or place in which any constituent partnership  
11 or constituent other business entity was organized, and  
12 the laws of the state or place of organization (including  
13 this state) of any disappearing partnership or  
14 disappearing other business entity provide substantially  
15 that the making and filing of a statement of merger or  
16 certificate of merger vests in the surviving partnership or  
17 surviving other business entity all the real property of any  
18 disappearing partnership and disappearing other  
19 business entity, the filing for record in the office of the  
20 county record of any county in this state in which any of  
21 the real property of the disappearing partnership or  
22 disappearing other business entity is located of either (a)  
23 a certificate of merger certified by the Secretary of State,  
24 or other certificate prescribed by the Secretary of State,  
25 or (b) a copy of the statement of merger or certificate of  
26 merger, certified by the Secretary of State or an  
27 authorized public official of the state or place pursuant to  
28 the laws of which the merger is effected, shall evidence  
29 record ownership in the surviving partnership or  
30 surviving other business entity of all interest of such  
31 disappearing partnership or disappearing other business  
32 entity in and to the real property located in that county.

33 (b) A filed and, if appropriate, recorded statement of  
34 merger, executed and declared to be accurate pursuant  
35 to subdivision (c) of Section 16105, stating the name of a  
36 partnership or ~~limited partnership~~ other business entity  
37 that is a party to the merger in whose name property was  
38 held before the merger and the name of the surviving  
39 entity, but not containing all of the other information  
40 required by ~~subdivision (b)~~ Section 16907, operates with

1 respect to the partnerships or ~~limited partnerships~~ other  
2 business entities named to the extent provided in  
3 ~~subdivisions (c) and (d)~~ subdivision (a).

4 (c) Recording of the certificate of merger in  
5 accordance with subdivision(a) shall create, in favor of  
6 bona fide purchasers or encumbrancers for value, a  
7 conclusive presumption that the merger was validly  
8 completed.

9 16908. This article is not exclusive. Partnerships ~~or~~  
10 ~~limited partnerships~~, other than limited liability  
11 partnerships may be converted or merged in any other  
12 manner provided by law.

13  
14 Article 9.5. Limited Liability Partnerships

15  
16 16951. For purposes of this chapter, the only types of  
17 limited liability partnership entities that shall be  
18 recognized are a limited liability partnership and a  
19 foreign limited liability partnership, as defined in Section  
20 16101, that has registered in accordance with Section  
21 16953. No limited liability partnership or foreign limited  
22 liability partnership may render professional limited  
23 liability partnership services in this state except through  
24 licensed persons.

25 16952. The name of a limited liability partnership  
26 shall contain the words "Registered Limited Liability  
27 Partnership" or "Limited Liability Partnership" or one of  
28 the abbreviations "L.L.P.," or "LLP," "R.L.L.P.," or  
29 "RLLP" as the last words or letters of its name.

30 16953. (a) To become a limited liability partnership,  
31 a partnership, other than a limited partnership, shall file  
32 with the Secretary of State a registration, executed by one  
33 or more partners authorized to execute a registration;  
34 stating the name of the partnership, the address of its  
35 principal office; if the partnership's principal office is not  
36 located in this state, the name and address of its agent for  
37 service of process in this state; a brief statement of the  
38 business in which the partnership engages; any other  
39 matters that the partnership determines to include; and

1 *that the partnership is registering as a limited liability*  
2 *partnership.*

3 *(b) The registration shall be accompanied by a fee of*  
4 *seventy dollars (\$70).*

5 *(c) The Secretary of State shall register as a limited*  
6 *liability partnership any partnership that submits a*  
7 *completed registration with the required fee.*

8 *(d) The Secretary of State may cancel the filing of the*  
9 *registration if a check or other remittance accepted in*  
10 *payment of the filing fee is not paid upon presentation.*  
11 *Upon receiving written notification that the item*  
12 *presented for payment has not been honored for*  
13 *payment, the Secretary of State shall give a first written*  
14 *notice of the applicability of this section to the agent for*  
15 *service of process or to the person submitting the*  
16 *instrument. Thereafter, if the amount has not been paid*  
17 *by cashier's check or equivalent, the Secretary of State*  
18 *shall give a second written notice of cancellation and the*  
19 *cancellation shall thereupon be effective. The second*  
20 *notice shall be given 20 days or more after the first notice*  
21 *and 90 days or less after the date of the original filing.*

22 *(e) A partnership becomes a limited liability*  
23 *partnership at the time of the filing of the initial*  
24 *registration with the Secretary of State or at any later date*  
25 *or time specified in the registration and the payment of*  
26 *the fee required by subdivision (b). A partnership*  
27 *continues as a limited liability partnership until a notice*  
28 *that it is no longer a limited liability partnership has been*  
29 *filed pursuant to subdivision (b) of Section 16954 or, if*  
30 *applicable, until it has been dissolved and finally wound*  
31 *up. The status of a partnership as a limited liability*  
32 *partnership and the liability of a partner of the limited*  
33 *liability partnership shall not be adversely affected by*  
34 *errors or subsequent changes in the information stated in*  
35 *a registration under subdivision (a) or an amended*  
36 *registration or notice under Section 16954.*

37 *(f) The fact that a registration or amended registration*  
38 *pursuant to this section is on file with the Secretary of*  
39 *State is notice that the partnership is a limited liability*  
40 *partnership and of those other facts contained therein*



1 *that are required to be set forth in the registration or*  
2 *amended registration.*

3 *(g) The Secretary of State shall provide a form for a*  
4 *registration under subdivision (a), which shall include*  
5 *the form for confirming compliance with the optional*  
6 *security requirement pursuant to subdivision (c) of*  
7 *Section 16956.*

8 *(h) A limited liability partnership providing*  
9 *professional limited liability partnership services in this*  
10 *state shall comply with all statutory and administrative*  
11 *registration or filing requirements of the state board,*  
12 *commission, or other agency that prescribes the rules and*  
13 *regulations governing the particular profession in which*  
14 *the partnership proposes to engage, pursuant to the*  
15 *applicable provisions of the Business and Professions*  
16 *Code relating to that profession. No such state board,*  
17 *commission, or other agency shall disclose, unless*  
18 *compelled by a subpoena or other order of a court of*  
19 *competent jurisdiction, any information it receives in the*  
20 *course of evaluating the compliance of a limited liability*  
21 *partnership with applicable statutory and administrative*  
22 *registration or filing requirements, provided that nothing*  
23 *herein shall be construed to prevent a state board,*  
24 *commission, or other agency from disclosing the manner*  
25 *in which the limited liability partnership has complied*  
26 *with the requirements of Section 16956, or the*  
27 *compliance or noncompliance by the limited liability*  
28 *partnership with any other requirements of the state*  
29 *board, commission, or other agency.*

30 *16954. (a) The registration of a limited liability*  
31 *partnership may be amended by an amended registration*  
32 *executed by one or more partners authorized to execute*  
33 *an amended registration and filed with the Secretary of*  
34 *State, as soon as reasonably practical after any*  
35 *information set forth in the registration or previously*  
36 *filed amended registration becomes inaccurate or to add*  
37 *information to the registration or amended registration.*

38 *(b) If a limited liability partnership ceases to be*  
39 *registered as such, it shall file with the Secretary of State*  
40 *a notice, executed by one or more partners authorized to*

1 *execute the notice, that it is no longer a limited liability*  
2 *partnership.*

3 *(c) An amendment pursuant to subdivision (a) and a*  
4 *notice pursuant to subdivision (b) shall each be*  
5 *accompanied by a fee of thirty dollars (\$30).*

6 *(d) The Secretary of State shall provide forms for an*  
7 *amended registration under subdivision (a) and a notice*  
8 *under subdivision (b).*

9 *16955. (a) A domestic partnership, other than a*  
10 *limited partnership, may convert to a limited liability by*  
11 *the vote of the partners possessing a majority of the*  
12 *interests of its partners in the current profits of the*  
13 *partnership or by a different vote as may be required in*  
14 *its partnership agreement.*

15 *(b) When such a conversion takes effect, all of the*  
16 *following apply:*

17 *(1) All property, real and personal, tangible and*  
18 *intangible, of the converting partnership remains vested*  
19 *in the converted limited liability partnership.*

20 *(2) All debts, obligations, liabilities, and penalties of*  
21 *the converting partnership continue as debts, obligations,*  
22 *liabilities, and penalties of the converted limited liability*  
23 *partnership.*

24 *(3) Any action, suit, or proceeding, civil or criminal,*  
25 *then pending by or against the converting partnership*  
26 *may be continued as if the conversion had not occurred.*

27 *(4) To the extent provided in the agreement of*  
28 *conversion and in this chapter, the partners of a*  
29 *partnership shall continue as partners in the converted*  
30 *limited liability partnership.*

31 *(5) A partnership that has been converted to a limited*  
32 *liability partnership pursuant to this chapter is the same*  
33 *person that existed prior to the conversion.*

34 *16956. (a) At the time of registration pursuant to*  
35 *Section 16953, in the case of a limited liability partnership,*  
36 *and Section 16959, in the case of a foreign limited liability*  
37 *partnership, and at all times during which those*  
38 *partnerships shall transact intrastate business, every*  
39 *limited liability partnership and foreign limited liability*

1 partnership, as the case may be, shall be required to  
2 provide security for claims against it as follows:

3 (1) For claims based upon acts, errors, or omissions  
4 arising out of the practice of public accountancy, a limited  
5 liability partnership or foreign limited liability  
6 partnership providing accountancy services shall comply  
7 with one, or pursuant to subdivision (b) some  
8 combination of the following:

9 (A) Maintaining a policy or policies of insurance  
10 against liability imposed on or against it by law for  
11 damages arising out of claims in an amount for each claim  
12 of at least one hundred thousand dollars (\$100,000)  
13 multiplied by the number of licensed persons rendering  
14 professional services on behalf of the partnership;  
15 however, the maximum amount of insurance is not  
16 required to exceed five million dollars (\$5,000,000) for  
17 claims initially asserted in any one calendar year, less  
18 amounts paid in defending, settling, or discharging those  
19 claims.

20 (B) Maintaining in trust or bank escrow, cash, bank  
21 certificates of deposit, United States Treasury obligations,  
22 bank letters of credit, or bonds of insurance companies as  
23 security for payment of liabilities imposed by law for  
24 damages arising out of all claims in an amount of at least  
25 one hundred thousand dollars (\$100,000) multiplied by  
26 the number of licensed persons rendering professional  
27 services; however, the maximum amount of security is  
28 not required to exceed five million dollars (\$5,000,000) for  
29 claims initially asserted in any calendar year, less amounts  
30 paid in defending, settling, or discharging those claims.

31 (C) Confirming, pursuant to the procedure in  
32 subdivision (c), that, as of the most recently completed  
33 fiscal year of the partnership, it had a net worth equal to  
34 or exceeding ten million dollars (\$10,000,000).

35 (2) For claims based upon acts, errors, or omissions  
36 arising out of the practice of law, a limited liability  
37 partnership or foreign limited liability partnership  
38 providing legal services shall comply with one, or  
39 pursuant to subdivision (b) some combination of the  
40 following:

1 (A) Maintaining a policy or policies of insurance  
2 against liability imposed on or against it by law for  
3 damages arising out of claims in an amount for each claim  
4 of at least one hundred thousand dollars (\$100,000)  
5 multiplied by the number of licensed person rendering  
6 professional services on behalf of the partnership;  
7 however, the maximum amount of insurance is not  
8 required to exceed seven million five hundred thousand  
9 dollars (\$7,500,000) for claims initially asserted in any one  
10 calendar year, less amount paid in defending, settling, or  
11 discharging those claims.

12 (B) Maintaining in trust or bank escrow, cash, bank  
13 certificates of deposit, United States Treasury obligations,  
14 bank letters of credit, or bonds of insurance companies as  
15 security for payment of liabilities imposed by law for  
16 damages arising out of all claims in an amount of at least  
17 one hundred thousand dollars (\$100,000) multiplied by  
18 the number of licensed persons rendering professional  
19 services; however, the maximum amount of security is  
20 not required to exceed seven million five hundred  
21 thousand dollars (\$7,500,000) for claims initially asserted  
22 in any one calendar year, less amounts paid in defending,  
23 settling, or discharging those claims.

24 (C) Providing a written agreement signed by each  
25 partner, or by a duly authorized representative of a  
26 partner, guaranteeing payment of the difference  
27 between the maximum amount of security required for  
28 this partnership by paragraph (2) of this subdivision and  
29 the security otherwise provided in accordance with the  
30 provisions of subparagraphs (A) and (B) of paragraph (2)  
31 of this subdivision, provided that the aggregate amount  
32 paid by all partners under these guarantees shall not  
33 exceed the difference and the form of the agreement  
34 shall be filed with the Secretary of State as an exhibit to  
35 the registration required by Section 16953 for foreign  
36 limited liability partnerships. Amendments may be made  
37 to the written agreement from time to time to reflect,  
38 among other things, the addition or withdrawal of  
39 partners; however, withdrawal shall not affect the rights  
40 or obligations of such partner arising prior to withdrawal.

1 Amendments reflecting the additional or withdrawal of  
2 a partner may be signed by a duly authorized  
3 representative of the additional or withdrawing partner.  
4 If the name of any partner, including a new or  
5 withdrawing partner, is signed to the written agreement  
6 described herein, or any amendment thereto, by a duly  
7 authorized representative, an appropriately executed  
8 copy of the document creating the authorization shall be  
9 filed with the agreement or amendment, as the case may  
10 be. Nothing contained in this subparagraph shall affect or  
11 impair the rights of obligations of the partners among  
12 themselves, or the partnership, including, but not limited  
13 to, rights of contribution, subrogation, or indemnification.  
14 Amendments shall be filed with the Secretary of State  
15 within 45 days of the date of the event necessitating the  
16 filing of the amendment, and once filed, the agreement,  
17 as so amended, shall be deemed to have been  
18 continuously in effect. Amendments so filed shall be  
19 deemed part of the registration required by Section 16953  
20 for limited liability partnerships or the registration  
21 required by section 16959 for foreign limited  
22 liability-partnerships, and shall be deemed effective as of  
23 the date of the event necessitating the filing of the  
24 amendments. Included with the filing required pursuant  
25 to this subparagraph shall be a completed transmittal  
26 form as prescribed by subdivision (b) of Section 16956  
27 together with payment of a fee in the amount of thirty  
28 dollars (\$30) to the Secretary of State.

29 (b) For purposes of satisfying the security  
30 requirements of this section, a limited liability  
31 partnership or foreign limited liability partnership may  
32 aggregate the security provided by it pursuant to  
33 subparagraphs (A), (B), and (C) of paragraph (1) of  
34 subdivision (a) or subparagraphs (A), (B), and (C) of  
35 paragraph (2) of subdivision (a), as the case may be. Any  
36 limited liability partnership or foreign limited liability  
37 partnership intending to comply with the alternative  
38 security provisions set forth in either subparagraph (C)  
39 of paragraph (1) of subdivision (a) or subparagraph (C)  
40 of paragraph (2) of subdivision (a) shall furnish the

1 following information to the Secretary of State's office, in  
2 the manner prescribed in, and accompanied by all  
3 information required by, the applicable section:

4  
5 TRANSMITTAL FORM FOR EVIDENCING  
6 COMPLIANCE WITH SECTIONS 16956(a)(1)(C) OR  
7 (a)(2)(C) OF THE CALIFORNIA CORPORATIONS  
8 CODE

9  
10 The undersigned hereby confirms the following:

11  
12 1. \_\_\_\_\_

13  
14 Name of registered or foreign limited liability  
15 partnership

16  
17 2. \_\_\_\_\_

18  
19 Jurisdiction where partnership is organized

20  
21 3. \_\_\_\_\_

22  
23 Address of principal office

24  
25 4. The registered or foreign limited liability partnership  
26 either (check box next to applicable section):

27 ☐ renders accountancy services and chooses to satisfy  
28 the requirements of Section 16956 by confirming,  
29 pursuant to Sections 16956(a)(1)(C) and 16956(c), that,  
30 as of the most recently completed fiscal year, the  
31 partnership had a net worth equal to or exceeding ten  
32 million dollars (\$10,000,000).

33 ☐ renders legal service and chooses to satisfy the  
34 requirements of section 16956 by entering into a written  
35 agreement signed by each partner, in accordance with  
36 Section 16956(a)(2)(C). Please attach the written  
37 agreement, or any amendments thereto, to this form.

38  
39 5. \_\_\_\_\_

40



1 *Title of authorized person executing this form*

2  
3 6. \_\_\_\_\_

4  
5 *Signature of authorized person executing this form*

6  
7 (c) Pursuant to subparagraph (C) of paragraph (1) of  
8 subdivision (a), a limited liability partnership or foreign  
9 limited liability partnership rendering accountancy  
10 services may satisfy the requirements of this section by  
11 confirming that, as of the last day of its most recently  
12 completed fiscal year, it had a net worth equal to or  
13 exceeding ten million dollars (\$10,000,000). In order to  
14 comply with this alternative method of meeting the  
15 requirements established in this section, a limited liability  
16 partnership or foreign limited liability partnership shall  
17 file an annual confirmation with the Secretary of State's  
18 office, signed by an authorized member of the limited  
19 liability partnership or foreign limited liability  
20 partnership, accompanied by a transmittal form as  
21 prescribed by subdivision (b). In order to be current in  
22 a given year, the partnership form for confirming  
23 compliance with the optional security requirement shall  
24 be on file within four months of the completion of the  
25 fiscal year and, upon being filed, shall constitute full  
26 compliance with the financial security requirements for  
27 purposes of this section as of the beginning of the fiscal  
28 year. A confirmation filed during any particular fiscal  
29 year shall continue to be effective for the first four month  
30 of the next succeeding fiscal year.

31 (d) Neither the existence of the requirements of  
32 subdivision (a) nor the extent of the limited liability  
33 partnership's or foreign limited liability partnership's  
34 compliance with the alternative requirements in this  
35 section shall be admissible in court or in any way be made  
36 known to a jury or other trier of fact in determining an  
37 issue of liability for, or to the extent of, the damages in  
38 question.

39 (e) Notwithstanding any other provision of this  
40 section, if a limited liability partnership is otherwise in

1 compliance with the terms of this section at the time that  
2 a bankruptcy or other insolvency proceeding is  
3 commenced with respect to the limited liability  
4 partnership, it shall be deemed to be in compliance with  
5 this section during the pendency of the proceeding. A  
6 limited liability partnership that has been the subject of  
7 a proceeding and that conducts business after the  
8 proceeding ends shall thereafter comply with paragraph  
9 (1) or (2) of subdivision (a), in order to obtain the  
10 limitations on liability afforded by subdivision (b) of  
11 Section 15015.

12 16957. (a) No distribution shall be made by a limited  
13 liability partnership if, after giving effect to the  
14 distribution:

15 (1) The limited liability partnership would not be able  
16 to pay its debts as they become due in the usual course of  
17 business.

18 (2) The limited liability partnership's total assets  
19 would be less than the sum of its total liabilities plus the  
20 amount that would be needed, if the limited liability  
21 partnership were to be dissolved at the time of the  
22 distribution, to satisfy the preferential rights of other  
23 partners upon dissolution that are superior to the rights  
24 of the partners receiving the distribution.

25 (b) A cause of action with respect to an obligation to  
26 return a distribution is extinguished unless the action is  
27 brought within four years after the distribution is made.

28 (c) A distribution for purposes of this section means  
29 the transfer of money or property by a limited liability  
30 partnership to its partners without consideration.

31 16958. (a) (1) The laws of the jurisdiction under  
32 which a foreign limited liability partnership is organized  
33 shall govern its organization and internal affairs and the  
34 liability and authority of its partners, subject to  
35 compliance with Section 16956, and (2) a foreign limited  
36 liability partnership may not be denied registration by  
37 reason of any difference between those laws and the laws  
38 of this state.

39 (b) The name of a foreign limited liability partnership  
40 transacting intrastate business in this state shall contain



1 the words "Registered Limited Liability Partnership" or  
2 "limited Liability Partnership" or one of the  
3 abbreviations "L.L.P.," "L.L.P.," "R.L.L.P.," or R.L.L.P.,  
4 or such other similar words or abbreviations as may be  
5 required or authorized by the laws of the jurisdiction of  
6 formation of the foreign limited liability partnership, as  
7 the last words or letters of its name.

8 16959. Foreign limited liability partnerships;  
9 intrastate business transactions; compliance with  
10 professional statutory and administrative registration or  
11 filing requirements; application for registration;  
12 cancellation of registration filing; effective date of  
13 registration; transactions without registration; penalties  
14 and liability; service of process appointment.

15 (a) (1) Before transacting intrastate business in this  
16 state, a foreign limited liability partnership shall comply  
17 with all statutory and administrative registration or filing  
18 requirements of the state board, commission, or agency  
19 that prescribes the rules and regulations governing a  
20 particular profession in which the partnership proposes  
21 to be engaged, pursuant to the applicable provisions of  
22 the Business and Professions Code relating to the  
23 profession or applicable rules adopted by the governing  
24 board. A foreign limited liability partnership that  
25 transacts intrastate business in this state shall within 30  
26 days after the effective date of the act enacting this  
27 section or the date on which the foreign limited liability  
28 partnership first transacts intrastate business in this state,  
29 whichever is later, register with the Secretary of State by  
30 submitting to the Secretary of State an application for  
31 registration as a foreign limited liability partnership,  
32 signed by a person with authority to do so under the laws  
33 of the jurisdiction of formation of the foreign limited  
34 liability partnership, stating the name of the partnership,  
35 the address of its principal office, the name and address  
36 of its agent for service of process in this state, a brief  
37 statement of the business in which the partnership  
38 engages, and any other matters that the partnership  
39 determines to include.

1 (2) Annexed to the application for registration shall be  
2 a certificate from an authorized public official of the  
3 foreign limited liability partnership's jurisdiction of  
4 organization to the effect that the foreign limited liability  
5 partnership is in good standing in that jurisdiction, if the  
6 laws of that jurisdiction permit the issuance of those  
7 certificates, or, in the alternative, a statement by the  
8 foreign limited liability partnership that the laws of its  
9 jurisdiction of organization do not permit the issuance of  
10 those certificates.

11 (b) The registration shall be accompanied by a fee of  
12 seventy dollars (\$70).

13 (c) The Secretary of State shall register as a foreign  
14 limited liability partnership any partnership that submits  
15 a completed application for registration with the  
16 required fee.

17 (d) The Secretary of State may cancel the filing of the  
18 registration if a check or other remittance accepted in  
19 payment of the filing fee is not paid upon presentation.  
20 Upon receiving written notification that the item  
21 presented for payment has not been honored for  
22 payment, the Secretary of State shall give a first written  
23 notice of the applicability of this section to the agent for  
24 service of process or to the person submitting the  
25 instrument. Thereafter, if the amount has not been paid  
26 by cashier's check or equivalent, the Secretary of State  
27 shall give a second written notice of cancellation and the  
28 cancellation shall thereupon be effective. The second  
29 notice shall be given 20 days or more after the first notice  
30 and 90 days or less after the original filing.

31 (e) A partnership becomes registered as a foreign  
32 limited liability partnership at the time of the filing of the  
33 initial registration with the Secretary of State or at any  
34 later date or time specified in the registration and the  
35 payment of the fee required by subdivision (b). A  
36 partnership continues to be registered as a foreign  
37 limited liability partnership until a notice that it is no  
38 longer so registered as a limited liability partnership has  
39 been filed pursuant to Section 16960 or, if applicable, once  
40 it has been dissolved and finally wound up. The status of

1 a partnership registered as a foreign limited liability  
2 partnership and the liability of a partner of that foreign  
3 limited liability partnership shall not be adversely  
4 affected by errors or subsequent changes in the  
5 information stated in an application for registration  
6 under subdivision (a) or an amended registration or  
7 notice under Section 16960.

8 (f) The fact that a registration or amended registration  
9 pursuant to Section 16960 is on file with the Secretary of  
10 State is notice that the partnership is a foreign limited  
11 liability partnership and of those other facts contained  
12 therein that are required to be set forth in the registration  
13 or amended registration.

14 (g) The Secretary of State shall provide a form for a  
15 registration under subdivision (a), which shall include  
16 the form for confirming compliance with the optional  
17 security requirement pursuant to subdivision (c) of  
18 Section 16956.

19 (h) A foreign limited liability partnership transacting  
20 intrastate business in this state shall not maintain any  
21 action, suit, or proceeding in any court of this state until  
22 it has registered in this state pursuant to this section.

23 (i) Any foreign limited liability partnership that  
24 transacts intrastate business in this state without  
25 registration is subject to a penalty of twenty dollars (\$20)  
26 for each day that unauthorized intrastate business is  
27 transacted, up to a maximum of ten thousand dollars  
28 (\$10,000).

29 (j) A partner of a foreign limited liability partnership  
30 is not liable for the debts or obligations of the foreign  
31 limited liability partnership solely by reason of its having  
32 transacted business in this state without registration.

33 (k) A foreign limited liability partnership, transacting  
34 business in this state without registration, appoints the  
35 Secretary of State as its agent for service of process with  
36 respect to causes of action arising out of the transaction  
37 of business in this state.

38 (l) "Transact intrastate business" as used in this  
39 section means to repeatedly and successively provide

1 professional limited liability partnership services in this  
2 state, other than in interstate or foreign commerce.

3 (m) Without excluding other activities that may not  
4 be considered to be transacting intrastate business, a  
5 foreign limited liability partnership shall not be  
6 considered to be transacting intrastate business merely  
7 because its subsidiary or affiliate transacts intrastate  
8 business, or merely because of its status as any one or  
9 more of the following:

10 (1) A shareholder of a domestic corporation.

11 (2) A shareholder of a foreign corporation transacting  
12 intrastate business.

13 (3) A limited partner of a foreign limited partnership  
14 transacting intrastate business.

15 (4) A limited partner of a domestic limited  
16 partnership.

17 (5) A member or manager of a foreign limited liability  
18 company transacting intrastate business.

19 (6) A member or manager of a domestic limited  
20 liability company.

21 (n) Without excluding other activities that may not be  
22 considered to be transacting intrastate business, a foreign  
23 limited liability partnership shall not be considered to be  
24 transacting intrastate business within the meaning of this  
25 subdivision solely by reason of carrying on in this state any  
26 one or more of the following activities:

27 (1) Maintaining or defending any action or suit or any  
28 administrative or arbitration proceeding, or effecting the  
29 settlement thereof or the settlement of claims or disputes.

30 (2) Holding meetings of its partners or carrying on any  
31 other activities concerning its internal affairs.

32 (3) Maintaining bank accounts.

33 (4) Maintaining offices or agencies for the transfer,  
34 exchange, and registration of the foreign limited liability  
35 partnership's securities or maintaining trustees or  
36 depositories with respect to those securities.

37 (5) Effecting sales through independent contractors.

38 (6) Soliciting or procuring orders, whether by mail or  
39 through employees or agents or otherwise, where those

1 orders require acceptance without this state before  
2 becoming binding contracts.

3 (7) Creating or acquiring evidences of debt or  
4 mortgages, liens, or security interest in real or personal  
5 property.

6 (8) Securing or collecting debts or enforcing  
7 mortgages and security interests in property securing the  
8 debts.

9 (9) Conducting an isolated transaction that is  
10 completed within 180 days and not in the course of a  
11 number of repeated transactions of a like nature.

12 (o) A person shall not be deemed to be transacting  
13 intrastate business in this state merely because of its status  
14 as a partner of a limited liability partnership or a foreign  
15 limited liability company whether or not registered to  
16 transact intrastate business in this state.

17 (p) The Attorney General may bring an action to  
18 restrain a foreign limited liability partnership from  
19 transacting intrastate business in this state in violation of  
20 this chapter.

21 (q) Nothing in this section is intended to, or shall,  
22 augment, diminish, or otherwise alter existing provisions  
23 of law, statutes, or court rules relating to services by a  
24 California public accountant or California attorney in  
25 another jurisdiction, or services by an out-of-state public  
26 accountant or out-of-state attorney in California.

27 16960. (a) The registration of a foreign limited  
28 partnership may be amended by an amended registration  
29 executed by one or more partners authorized to execute  
30 an amended registration and filed with the Secretary of  
31 State, as soon as reasonably practical after any  
32 information set forth in the registration or previously  
33 filed amended registration becomes inaccurate, to add  
34 information to the registration or amended registration  
35 or to withdraw its registration as a foreign limited liability  
36 partnership.

37 (b) If a foreign limited partnership ceases to be a  
38 limited liability partnership, it shall file with the Secretary  
39 of State a notice, executed by one or more partners

1 *authorized to execute the notice, that it is no longer a*  
2 *foreign limited liability partnership.*

3 *(c) A foreign limited liability partnership that is, but*  
4 *is no longer required to be, registered under Section*  
5 *16959 may withdraw its registration by filing a notice with*  
6 *the Secretary of State, executed by one or more partners*  
7 *authorized to execute the notice.*

8 *(d) The Secretary of State shall provide forms for an*  
9 *amended registration under subdivision (a) and notices*  
10 *under subdivisions (b) and (c).*

11 *(e) The filing of amended registration forms pursuant*  
12 *to subdivision (a) and a notice pursuant to subdivision (b)*  
13 *or (c) shall each be accompanied by a fee of thirty dollars*  
14 *(\$30).*

15 *16961. The filing of a registration with the Secretary*  
16 *of State under Section 16953 or 16959 shall make it*  
17 *unnecessary for all purposes for the registered limited*  
18 *liability partnership or foreign limited liability*  
19 *partnership to make any of the filings referred to in*  
20 *Chapter 5 (commencing with Section 17900) of Part 3 of*  
21 *Division 7 of the Business and Professions Code.*

22 *16962. (a) Each limited liability partnership whose*  
23 *principal office is not in this state and each foreign limited*  
24 *liability partnership registered under Section 16959 shall*  
25 *designate as its agent for service of process any natural*  
26 *person or a domestic or foreign corporation entitled to be*  
27 *designated as agent for the service of process pursuant to*  
28 *Section 1505.*

29 *(b) In addition to service that may be made as*  
30 *provided in Section 416.40 of the Code of Civil Procedure,*  
31 *delivery by hand of a copy of any process against a limited*  
32 *liability partnership or foreign limited liability*  
33 *partnership registered under Section 16959; (1) to any*  
34 *natural person designated by it as agent or (2), if a*  
35 *corporate agent has been designated, to any person*  
36 *named in the latest certificate of the corporate agent filed*  
37 *pursuant to Section 1505 at the office of that corporate*  
38 *agent shall constitute valid service on the limited liability*  
39 *partnership or foreign limited liability partnership.*

1     (c) If an agent for the purpose of service of process has  
2     resigned and has not been replaced or if the agent  
3     designated cannot with reasonable diligence be found at  
4     the address designated for personally delivering the  
5     process, or if no agent has been designated, and it is shown  
6     by affidavit to the satisfaction of the court that process  
7     against a limited liability partnership or foreign limited  
8     liability partnership required to be registered under  
9     Section 16959 cannot be served with reasonable diligence  
10    upon the designated agent by hand in the manner  
11    provided in Section 415.10, subdivision (a) of Section  
12    415.20, or subdivision (a) of Section 415.30 of the Code of  
13    Civil Procedure or upon the limited liability partnership  
14    or foreign limited liability partnership in the manner  
15    provided in Section 416.40 of the Code of Civil Procedure,  
16    the court may make an order that the service be made  
17    upon the limited liability partnership or foreign limited  
18    liability partnership by delivering by hand to the  
19    Secretary of State, or to any person employed in the  
20    Secretary of State's office in the capacity of assistant to  
21    deputy, one copy of the process for each defendant to be  
22    served, together with a copy of the order authorizing that  
23    service. If the court makes that order, the Secretary of  
24    State who receives the process, or the person employed  
25    in the Secretary of State's office in the capacity of assistant  
26    or deputy who receives the process, is required to accept  
27    such process. A fee in the amount of fifty dollars (\$50)  
28    shall be paid to the Secretary of State for the use of the  
29    state upon receipt of the process. Service in this manner  
30    shall be deemed complete on the 10th day after delivery  
31    of the process to the Secretary of State.

32    (d) Upon the receipt of the copy of process and the fee  
33    therefor, the Secretary of State shall give notice of the  
34    service of process to the limited liability partnership or  
35    foreign limited liability partnership registered under  
36    Section 16959 at its principal executive office, by  
37    forwarding to that office, by registered mail with request  
38    for return receipt, the copy of the process or, if the  
39    records of the Secretary of State do not disclose an address  
40    for that principal executive office, by forwarding the copy

1 in the same manner to the last designated agent for  
2 service of process who has not resigned. If the agent for  
3 service of process has resigned and has not been replaced  
4 and the records of the Secretary of State do not disclose  
5 an address for its principal executive office, no action  
6 need be taken by the Secretary of State.

7 (e) The Secretary of State shall keep a record of all  
8 process served upon the Secretary of State under this  
9 section and shall record therein the time of service and  
10 the Secretary of State's action with reference thereto.  
11 The certificate of the Secretary of State, under the  
12 Secretary of State's official seal, certifying to the receipt  
13 of process, the giving of notice thereof to the limited  
14 liability partnership or foreign limited liability  
15 partnership, and the forwarding of the process pursuant  
16 to this section shall be competent and prima facie  
17 evidence of the matters stated therein.

18 (f) The court order pursuant to subdivision (c) that  
19 service of process be made upon the limited liability  
20 partnership or foreign limited liability partnership by  
21 delivery to the Secretary of State may be a court order of  
22 a court of another state, or of any federal court, if the suit,  
23 action, or proceeding has been filed in that court.

24 SEC. 3. Section 3940 of the Public Resources Code is  
25 amended to read:

26 3940. A mining partnership exists when two or more  
27 persons who own or acquire a mining claim for the  
28 purpose of working it and extracting the mineral  
29 therefrom actually engage in working the claim. To the  
30 extent not inconsistent with this chapter, mining  
31 partnerships shall be governed in the same manner as  
32 other general partnerships would be governed pursuant  
33 to Section 15292 of the Corporations Code, by the  
34 Uniform Partnership Act (Chapter 1 (commencing with  
35 Section 15001) of Title 2 of the Corporations Code), or the  
36 Revised Uniform Partnership Act (Chapter 1.5  
37 (commencing with Section 15200) of Title 2 of the  
38 Corporations Code).



1 SEC. 4. Section 4.1.2. of this act shall become  
2 operative on 1999.

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